

Commercial Lease Negotiation Checklist

Template for reference only. Legal advice is recommended before signing.

COMMERCIAL LEASE NEGOTIATION CHECKLIST

For use when negotiating a commercial tenancy or lease agreement for F&B premises in Peninsular Malaysia (Federal Territory of Labuan included). Governed by the National Land Code 1965 (Act 828), the Contracts Act 1950 (Act 136), and the Stamp Act 1949 (Act 378, as amended effective 1 January 2026).

Property address: _____

Landlord: _____

Tenant: _____

Negotiation date: _____

I. Rent and Deposits

#	Item	Checked
1	Monthly base rent: RM _____ stated clearly (exclusive / inclusive of service charge)	<input type="checkbox"/>
2	Security deposit: typically 2–3 months' rent. Amount: RM _____ . Refund conditions stated? Timeline?	<input type="checkbox"/>
3	Utility deposit: typically 0.5 month, separate from security deposit	<input type="checkbox"/>
4	Advance rent: 1 month typically paid with security deposit	<input type="checkbox"/>
5	Refund timeline: deposit returned within _____ days after lease end (recommended: 30 days). Deductions itemised in writing	<input type="checkbox"/>
6	Late payment: interest / penalty rate stated (typical 1%–1.5% per month on overdue sum)	<input type="checkbox"/>

II. Lease Term and Renewal

#	Item	Checked
7	Lease type: Tenancy (≤ 3 years, no PTG registration) vs Lease (> 3 years, requires PTG registration)	<input type="checkbox"/>
8	Commencement date clearly stated, not linked to vague events	<input type="checkbox"/>
9	Rent-free fit-out period: _____ months (industry standard 1–3 months for F&B). Permitted works scope defined	<input type="checkbox"/>
10	Renewal option: “Tenant shall have option to renew” (binding on Landlord) vs “may” (Landlord discretion). Notice period ≥ 3 months before expiry	<input type="checkbox"/>
11	Rent escalation on renewal: fixed % or CPI-linked, cap at _____% per renewal cycle (recommended $\leq 10\%$)	<input type="checkbox"/>

III. Early Termination and Exit

#	Item	Checked
12	Break clause: conditions to terminate early (recommended: at year 2 with 6 months’ notice)	<input type="checkbox"/>
13	Penalty for early termination: equivalent to _____ months’ rent	<input type="checkbox"/>
14	Landlord’s termination rights: specify events, cure period, compensation	<input type="checkbox"/>
15	Sub-letting: permitted with written landlord consent? Restrictions?	<input type="checkbox"/>
16	Assignment on sale of business: Tenant may transfer lease to buyer without Landlord unreasonably withholding consent	<input type="checkbox"/>

IV. Permitted Use and Operational Clauses

#	Item	Checked
17	Permitted use: “restaurant” / “café” / “cloud kitchen” / “bar” etc. specified clearly, not narrowly (avoid “Chinese cuisine only” type wording)	<input type="checkbox"/>
18	Exclusivity: Landlord agrees not to lease to same-category operator within the building / radius	<input type="checkbox"/>
19	Operating hours: aligned with mall / building hours; late-night surcharge if any	<input type="checkbox"/>
20	Signage: size, location, and Landlord approval timeline for storefront signage	<input type="checkbox"/>
21	Licensing cooperation: Landlord agrees to sign / provide documents for Tenant’s F&B licence applications (MBPJ / MBPP / DBKL, MOH MeSTI, JAKIM Halal, DBKL Halal premise endorsement)	<input type="checkbox"/>

V. Fit-Out and Alterations

#	Item	Checked
22	Tenant's fit-out scope: what can be installed (ventilation, grease trap, gas line, water upgrade, external signage, etc.)	<input type="checkbox"/>
23	Approval process: Landlord approval timeline for design drawings, typically 14–30 days	<input type="checkbox"/>
24	Make-good clause: restoration obligation on exit. Negotiate “return in existing condition” rather than “return to bare shell” where possible	<input type="checkbox"/>
25	Landlord's fit-out contribution: any rent credit, cash contribution, or free extension of fit-out period	<input type="checkbox"/>

VI. Repairs, Maintenance and Insurance

#	Item	Checked
26	Landlord's responsibility: structural elements, roof, external walls, main building services (plumbing, electrical mains, common areas)	<input type="checkbox"/>
27	Tenant's responsibility: interior, fixtures, fittings, grease trap cleaning, pest control within premises	<input type="checkbox"/>
28	Service charge / Common Area Maintenance (CAM): monthly fee, fixed or variable, annual cap	<input type="checkbox"/>
29	Tenant's insurance obligations: Public Liability \geq RM1 million (recommended for F&B), fire insurance on contents, Workmen's Compensation / SOCSO compliance	<input type="checkbox"/>

VII. Legal and Statutory

#	Item	Checked
30	Stamp duty (effective 2026-01-01): full annual rent subject to stamp duty (RM2,400 exemption removed). Who bears? (Tenant typically). Must be stamped within 30 days	<input type="checkbox"/>

Stamp Duty Calculation Worksheet (2026)

Formula: Annual Rent \div RM250, round up to whole number, \times rate, + RM10 for duplicate.

Rate by duration: - Term \leq 1 year: RM1 per RM250 of annual rent - Term 1–3 years: RM2 per RM250 of annual rent - Term $>$ 3 years: RM4 per RM250 of annual rent

Worked example (monthly rent RM5,000, 3-year term): - Annual rent = RM5,000 \times 12 = RM60,000 - RM60,000 \div RM250 = 240 units - 240 \times RM2 = RM480 (main) + RM10 (duplicate) = **RM490**

My calculation:

Field	Value
Monthly rent (RM)	_____
× 12 months	_____
÷ RM250, round up	_____ units
× rate (RM1 / RM2 / RM4)	RM _____
1. RM10 duplicate	RM _____
	total

Late stamping penalty: ≤ 3 months RM50 or 10%; > 3 months RM100 or 20% (whichever higher).

Force Majeure Clause (Critical Post-COVID)

Ensure the agreement includes a Force Majeure provision covering:

- Natural disasters, pandemics, government-mandated closure orders (MCO-type)
- Rent abatement or suspension during Force Majeure period
- Right to terminate without penalty if event exceeds _____ months (recommended 3–6 months)

Caveat Registration (Recommended)

Tenant may lodge a private caveat on the title at the Land Office (Pejabat Tanah) to protect tenancy rights against Landlord selling the property mid-term. Filing fee approximately RM50–100. Applicable to tenancies not registered with PTG.

Signatures

I/We confirm having reviewed the above 30 items with the Landlord and the following have been agreed in writing in the Tenancy Agreement / Lease Agreement dated

_____.

Date: _____

Tenant

Landlord

Name: _____

Name: _____

NRIC / Company No.: _____

NRIC / Company No.: _____

Date: _____

Date: _____

WITNESS (Tenant's side)

WITNESS (Landlord's side)

Name: _____

Name: _____

Date: _____

Date: _____