

NEW CODE OF CONDUCT FOR LEASING OF RETAIL PREMISES IN SINGAPORE

Date: 1 April 2021

Singapore Real Estate Alert

By: Valerie Ang, Celine W. Liow

A Code of Conduct for the Leasing of Retail Premises in Singapore (the Code) has been developed by the Fair Tenancy Pro Tem Committee (Pro-Tem Committee) set up by the Singapore Business Federation. The objective of the Code is to provide mandatory guidelines to landlords and tenants to ensure fairer lease negotiations. While adoption of the Code is currently voluntary, members of the Pro-Tem Committee have committed to adopt and abide by the Code from 1 June 2021.

WHO DOES THE CODE APPLY TO?

The Code applies to lease agreements involving Qualifying Retail Premises entered into on or after 1 June 2021 with a tenure of more than one year in Singapore.

Qualifying Retail Premises include food and beverage premises, shops for retail and services, medical/dental/aesthetic clinics, pet shop and boarding, commercial schools, sports and recreation, and places of entertainment. Such premises can be located in shopping centres, office buildings, industrial and business parks, mixed-use developments, shop houses and shop flats, hotels, community centres, recreation and social clubs, museums, schools, hospitals, petrol kiosks, MRT stations, bus interchanges, and airports.

WHAT CHANGES ARE TO BE EXPECTED WITH THE CODE?

The code introduces the following 11 key tenancy terms:

1. Exclusivity clauses
2. Cost to prepare the lease agreement and third-party costs
3. Advertising and promotion and service charge
4. Pre-termination by landlord due to landlord's redevelopment works
5. Sales performance
6. Material adverse change
7. Pre-termination by tenants
8. Security deposit
9. Floor area alterations
10. Building maintenance

11. Rental structure

Landlord and tenants are expected to comply with the key tenancy terms and landlords must complete a checklist to be provided together with the first draft of the lease agreement to the tenant. Any deviations from the key tenancy terms will require parties to submit a joint declaration regarding the deviation within 14 days of the execution of the lease agreement to the Fair Tenancy Industry Committee (FTIC).

ENFORCEMENT MEASURES UNDER THE CODE

In the event of non-compliance during lease negotiation stages, either party may refer the matter to FTIC, who would monitor adherence to the Code and could “name and shame” a party for non-compliance.

In the event of non-compliance of the lease agreement after execution, either party may apply to the Singapore Mediation Centre within 14 days of the lease agreement to resolve the dispute. Parties must attend mediation session(s) and comply with the resolutions of the Singapore Mediation Centre.

KEY CONTACTS



VALERIE ANG
PARTNER
SINGAPORE
+65.6713.0228
VALERIE.ANG@KLGATES.COM



CELINE W. LIOW
ASSOCIATE
SINGAPORE
+65.6713.0219
CELINE.LIOW@KLGATES.COM

This publication/newsletter is for informational purposes and does not contain or convey legal advice. The information herein should not be used or relied upon in regard to any particular facts or circumstances without first consulting a lawyer. Any views expressed herein are those of the author(s) and not necessarily those of the law firm's clients.