



## SBF Circular – Code of Conduct for Leasing of Retail Premises in Singapore (CoC)

3 June 2022

Dear Members,

### Code of Conduction for Leasing of Retail Premises in Singapore (CoC) – Useful Tips on Lease Pre-Termination

The Code of Conduct (CoC) led by the Fair Tenancy Industry Committee (FTIC) sets out fair and balanced guidelines for the negotiation of lease agreements.

SBF shared the specific conditions under which pre-termination of a lease agreement by landlord or tenant is permitted. Please refer to the attached infographics for more information on the conditions of pre-termination by landlord or by tenants.

Please visit <https://www.ftic.org.sg/> for more information on the CoC or the FTIC.

Thank you.

With best regards

Joyce Toh

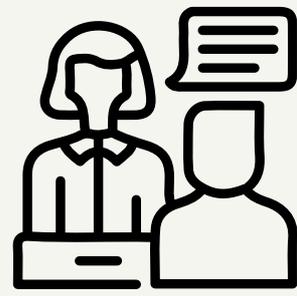
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# USEFUL TIPS ON LEASE PRE-TERMINATION

There are specific conditions under which pre-termination of a lease agreement by landlord or tenant is permitted.



## Things to note for Pre-Termination by Landlord due to Landlord's Redevelopment Works

- Landlord can pre-terminate the lease for substantial redevelopment works that require vacant possession by providing affected tenants with:
  - minimum 6 months' notice;
  - CAPEX compensation less depreciation on Agreed Declared Value amortised across the initial lease term; and
  - notification that Written Permission has been received.
- If the redevelopment is initiated solely due to government's land acquisition, both parties could work out compensation, taking into account the compensation landlord is receiving from Government, and the principles on compensation.
- Tenants may discuss with their landlord to include other commercial terms such as relocation and grant of alternative premises in the event of landlord's redevelopment works.



## Conditions for Pre-Termination by Tenants

Tenants are allowed to pre-terminate under the conditions when:

1. Business principal (i.e. the originator of the goods and/or services that the tenant has obtained the rights to sell the goods and/or provide the services which is being retailed at the premises) is insolvent; or
  2. Loss of distributorship or franchise rights not due to non-performance or breach.
- Tenant to give no less than 6 months' prior written notice to landlord or opt to pay 6 months' gross rent in lieu of the notice period and pay landlord a compensation sum equivalent to security deposit amount.
  - Tenant may request to assign lease to a replacement tenant, subject to landlord's approval.

