

Cannabis Due Diligence Checklist: Representing Commercial Landlords

This checklist is not an exhaustive list of all cannabis matters in connection with a potential real estate transaction but is provided to assist real estate professionals perform their due diligence activities.

When representing a landlord where a prospective tenant will use the premises for a cannabis-related business:	Done
<p>Ability to Rent</p> <ul style="list-style-type: none"> • Check the existing tenant leases to ensure the landlord is not prohibited from entering into a lease with a cannabis-related business. 	<input type="checkbox"/>
<p>Tenant Retention</p> <ul style="list-style-type: none"> • Advise the landlord to check with existing tenants to see if they have any objections to a prospective cannabis-related tenant. 	<input type="checkbox"/>
<p>Future Tenants</p> <ul style="list-style-type: none"> • Advise the landlord that some future tenants may not want to be in the same location as a cannabis-related business. 	<input type="checkbox"/>
<p>Cannabis-related business Licence Application Process</p> <ul style="list-style-type: none"> • Warn the landlord that cannabis-related businesses may be riskier tenants because require a signed lease agreement before they apply for a licence to operate. • Advise the landlord that to mitigate this risk they should: <ul style="list-style-type: none"> - Require pre-payment of the rents. - Carefully review the prospective tenant’s financial covenant. 	<input type="checkbox"/> <input type="checkbox"/>
<p>Property Improvements</p> <ul style="list-style-type: none"> • Advise the landlord new/upgraded building systems and/or other improvements may be required to the property to ensure odours do not impact other tenants. <p>Ensure a lease agreement between the landlord and a cannabis-related business addresses who is responsible for:</p> <ul style="list-style-type: none"> • Installing the improvements and all associated costs. • Removing the improvements at the end of the lease and all associated costs. 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p>Insurance Coverage</p> <ul style="list-style-type: none"> • Advise the landlord to speak with their insurers to confirm that the proposed use of the premises will not violate their insurance policies before entering into the lease. <p>Ensure a lease agreement between the landlord and a cannabis-related business:</p> <ul style="list-style-type: none"> • Addresses who is responsible for any additional costs to the landlord’s insurance premiums. • Enables the landlord to terminate the lease if their insurance coverage is jeopardized by the tenant’s business. 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>