

Make Good Assessments



MAKE GOOD ASSESSMENTS

Make Good Assessments and negotiations is a service which we provide to both landlords and tenants.

The principle of a schedule of Make Good is to identify alleged breaches of covenant within a lease caused by a tenants occupation of a property and to outline the requirements of the tenant to reinstate the property back to its original condition as it was at lease commencement.

A Make Good Claim is regarded as the first step in a legal process, the basis of which are the breaches of covenants by a tenant. Covenants are specific obligations contained in the lease document which effectively forms a contract between the landlord and the tenant.

STAGES IN THE MAKE GOOD PROCESS

Stage 1 – Preparation

Obtain and appraise all relevant documentation.

Stage 2 – Review of Documentation

A detailed review is undertaken of the lease documentation to accurately identify all covenants within the lease which will have an impact on the obligations of the tenant in relation to the repair of the property.

Stage 3 – The Inspection

A comprehensive inspection is undertaken which may include specialist professions if deemed necessary, such as a building services engineer or structural engineer.

Stage 4 – Preparation of the Make Good Assessment

A detailed schedule is prepared on an elemental basis which lists all of the items of disrepair, the remedial work required and the cost for remedying those items. This schedule is a bound document incorporating the Make Good Schedule, a Statement of Claim and multiple photographs of the breaches identified.

Stage 5 – Negotiation

Following the preparation of the Make Good Assessment and depending on what type of schedule is required, the document is served upon the Tenant who has two options:

- Undertake the physical works identified within the schedule to comply with the lease, or
- Pay a lump sum cash settlement to the Landlord who will undertake the works themselves.

During the course of a lease term, a tenant is in a position to repair, decorate and maintain the demise in accordance with their lease obligations. However once the Lease term has ended the only form

of practical remedy by a tenant is a lump sum cash settlement.

TYPES OF SCHEDULES

There are three different types of schedules:

An Interim Schedule of Make Good

Details items in disrepair arising from the tenant's failure to comply with a repair covenant identified by the landlord during the term of the lease and which the landlord requires to be remedied during the lease term.

A Final Schedule of Make Good

Is served no more than six months before the expiry of the lease (but also may be served after the lease expiry) for repair and yield works required to the premises at the expiry or the earlier termination of the lease. Likely repair works will extend to the Make Good of floor covering, ceilings, decorations, reinstatement works and general maintenance.

A Schedule of Condition

Photographic document that is prepared prior to lease commencement which records the condition of the property prior to the tenant taking possession. We recommend to all of our clients that a Schedule of Condition is prepared at lease commencement to protect both parties' interests.



RELEVANT EXPERIENCE

Davis Langdon has a strong track record in preparing and negotiating Make Good Assessments across a diverse range of property.

For Landlords

We regularly act on behalf of landlords by preparing Make Good Assessments and negotiating the claim with the tenant, either until a settlement cost is reached, or the Tenant undertakes the physical works. However some clients only require us to prepare a Make Good Assessment and undertake the negotiations themselves.

For Tenants

We often act on behalf of tenants who have been served with a Make Good claim by their landlord. We review the Make Good claim to ensure it is justified and in accordance with the lease, and that the claim/cost has not been 'exaggerated' by the landlord. Following this, we either negotiate with the landlord to reach an appropriate settlement cost or assist the tenant in undertaking the physical works.



Burwood East VIC

Breaches of the lease were identified, negotiations were undertaken on behalf of the landlord and a cash settlement was agreed in the amount of \$715,000 in the landlord's favour.



Queen St, Melbourne VIC

A Final make good schedule was prepared for the landlord one floor of this office building equating to a claim in excess of \$320,000.

OUR SERVICES

Davis Langdon's Property Services department focuses on adding value and minimising risk in property through the complete cycle of acquisition, ownership, occupation, management and divestment. Our services:

- Technical Due Diligence – Acquisition / Disposal
- Capex Implementation/ Management
- End of Lease Make Good/Negotiations/ Reinstatement
- Schedules of Condition
- Building Defect Diagnosis & Reporting
- Protection of Adjoining Property
- Emergency Evacuation Procedures Assessments
- DDA Access Audits/ Action Plans
- Risk Assessments/OH&S
- Essential Services/BCA Reviews/Compliance Audits
- Owners Corporation Maintenance Plans
- Insurance Valuations

MORE INFORMATION?

For further information, please contact: Andy Bendell, Associate Director of Property Services.

Phone: +613 9933 8800

Mob: +61 439 457 748

abendell@davislangdon.com.au

www.davislangdon.com