



Landlord Make Good Case Study - Industrial

		
Tenant Offer:	\$100,000	
Negotiated Settlement:	\$200,000	
Consultants Make Good Fee:	\$6,500 approx (inc. negotiations)	
Property Type:	Industrial Warehouse	
Location:	West Sydney, NSW	
Lease Details:	20 yr lease dated 1987. The lease including internal repairing, reinstatement and redecoration covenants under the responsibility of the Tenant.	

Introduction

Company ABC Pty Ltd was nearing the end of its lease at XYZ Industrial Estate. The Landlord required professional advice regarding the legal and financial obligations of ABC Pty Ltd and engaged a Building Consultant to carry out a Make Good Schedule prior to termination of the lease.

Process

1. Appointment of Professional Building Consultant to undertake Make Good works.
2. A full review of the lease and make good covenants prior to site inspection.
3. Site inspection followed by schedule of make good prepared by the Building Consultant on behalf of the Landlord.
4. Consultant advised Landlord of Tenants legal responsibilities based on their findings and issued the report to be served via the Landlord to the Tenant.
5. Consultant negotiations regarding claim and negotiated final settlement agreement with Tenant over a period of 4 weeks.

Results

- The Landlord's agent identified areas of Make Good work that were the responsibility of the Tenant. Under the terms of the lease all repair, reinstatement and Decoration works were the responsibility of the Tenant.
- The make good costs were in the region of \$260,000.
- The Tenants Agent came back with a counter sum of \$100,000.
- Following negotiations a cash settlement of \$200,000 was accepted by both the Landlord and Tenant in lieu of the Tenant undertaking the make good works.

Key benefits to Landlord

- Professional advice
- High return from Make Good claim
- Quick settlement, with minimal management time spent in negotiations and settlement
- Peace of mind
- Opportunity to refurbish premises prior to new tenancy