



Keep your Accountant happy - Forecast end of lease Make Good costs

Overview:

SGA Property Consultancy can help tenants define their end of lease decommissioning / make good costs for incorporation in financial reports and asset management plans.

SGA Property Consultancy can provide the expertise to review the lease, survey the premises and advise on the decommissioning works with associated costs which can be forecast to the lease termination date.

In addition to lease make good forecasts, SGA Property Consultancy can assess lease make good; negotiate on behalf of the client a satisfactory outcome and manage the works.

Process:

Recent financial reporting standards require forecasts to be made of lease make good liabilities that are defined by the specific premises lease and property it relates to.

An evaluation of the obligations under the lease and the specifics of the property can define the works to be carried out.

Forecasting the cost of these works to the lease termination date and defining annual amounts to build up a reserve to address this liability will help understand the true nature of the future liability, its potential impact on cash flow and effect on the balance sheet.

Only directly attributable and necessary decommissioning and site restoration costs will be defined and would not include damage as this cannot be forecast.

Solution:

SGA Property can review the lease and survey the premises to define the:

- > Decommissioning items and associated works required at the end of the lease, but not include the potential damage or wear which may occur over the lease term
- > Forecast the expenditure associated with these works
- > Annual contributions required to meet the total amount required at the end of the lease.



DEFINED CUMULATIVE MAKE GOOD CONTRIBUTIONS

End of lease dilapidations need to be managed not only in relation to the obligations, under the lease, the cash flow implications, but also the maintenance of good relations with the landlord and smooth relocation to other premises.

Please contact any of the SGA offices to discuss how we can meet your needs in this regard or with our other services.

Disclaimer: SGA Property Consultancy does not provide accounting advice and any person or company wishing to use SGA Property Consultancy for End of Lease Make Good Forecasts should discuss it first with their financial advisors.

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