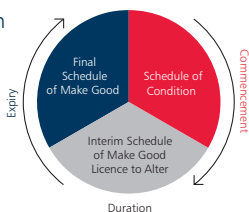


# Make Good Cycle

At Napier & Blakeley, we provide independent, professional advice in relation to repair and make-good obligations throughout the property lease cycle. We call this our Make Good Cycle. Our team, comprising Building Surveyors, Quantity Surveyors and Building Services Engineers, prepare commercially oriented reports that can reduce protracted and costly disputes between Landlord and Tenant.



The Lease and Make Good Cycle

Our market leading property tax focus also enables the best outcome from a tax perspective.

PERIOD	SERVICE	FEATURES AND BENEFITS
Lease Commencement	Schedule of Condition	<ul style="list-style-type: none"> <li>Provides certainty, clarity and mitigates future disputes</li> <li>An accurate document of building condition supported by plans, photographs and text</li> <li>Can include a lease survey or asset register</li> <li>Ideally endorsed by both parties</li> </ul>
Fitout	Tenancy Coordination and Administration	<ul style="list-style-type: none"> <li>Identify the effect that a fitout has on the base building and its services</li> <li>Recommend the alternative tax positions for the Landlord with regards to apportionment of incentive (if any)</li> <li>Monitor progress of fitout works and administer progress payments (if any)</li> <li>Assemble final completion report, including certificates and documentation of completed works</li> <li>Provision of completed asset register confirming ownership of fitout including depreciation report</li> </ul>
	Interim Schedule of Make-Good	<ul style="list-style-type: none"> <li>Assists in ensuring the leased area is properly maintained</li> <li>A document formally detailing breaches of the lease including items of disrepair</li> <li>Particularly important in 'whole of building and land' and 'triple-net' leases</li> </ul>
Lease Duration	Approval to Alter	<ul style="list-style-type: none"> <li>Document Tenant's alterations including fitout works</li> <li>Provides clarity as to changes come lease termination</li> <li>Authorise the Lessee to make alterations to the premises</li> </ul>
	Final Schedule of Make-Good	<ul style="list-style-type: none"> <li>Itemises the breaches and remedial works required</li> <li>Includes a cost budget to repair/reinstate</li> <li>A professional tool for negotiation and settlement</li> <li>Normally prepared within 6 months of lease expiry but can be served after the lease term</li> <li>Can include negotiation services for a cash settlement</li> <li>Considers the reversionary tax implication of any cash settlement</li> </ul>
Lease Expiry	Final Schedule of Make-Good	<ul style="list-style-type: none"> <li>Itemises the breaches and remedial works required</li> <li>Includes a cost budget to repair/reinstate</li> <li>A professional tool for negotiation and settlement</li> <li>Normally prepared within 6 months of lease expiry but can be served after the lease term</li> <li>Can include negotiation services for a cash settlement</li> <li>Considers the reversionary tax implication of any cash settlement</li> </ul>
Make Good	Project Management and Administration	<ul style="list-style-type: none"> <li>Manage the make-good works to satisfaction of the Landlord</li> <li>Provide adjusted asset register and tax depreciation schedule, including any items for write off</li> <li>Demised area suitable for new tenant</li> </ul>



**Napier & Blakeley**

COST ■ RISK ■ RETURN



The tables below have been created to provide an indication of typical Make Good and cost ranges. These act as a broad guide only.

<b>INDICATIVE MAKE GOOD RATES – AUSTRALIA</b>	<b>JANUARY 2020 EXCL GST</b>
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<b>Commercial Offices</b>		<b>Range</b>	
Low	per sqm	\$100	\$200
Moderate	per sqm	\$200	\$375
High	per sqm	\$375	\$500

<b>Industrial Property</b>			
Low	per sqm	\$30	\$60
Moderate	per sqm	\$60	\$200
High	per sqm	\$200	\$300

<b>Definitions:</b>	
Low	Open plan layout, or a minimum make good obligation e.g. remove Lessee installed property and leave in a clean condition.
Moderate	Part open plan, part offices – or a moderate make good obligation e.g. return property back to an open plan base building configuration.
High	Dense offices and or racking or a full make good obligation e.g. return to an open plan base building configuration with painting and new carpets.

<b>Commercial Office Tenancy Fit-out and Refurbishment Costs</b>			
Inclusive of workstations	per sqm	\$1,200	\$2,200
Core - amenities refurbishment	per sqm	\$2,700	\$4,250
Core - lift lobby refurbishment (excluding refurbishment of lifts)	per sqm	\$2,500	\$5,000

The above cost ranges are reflective of quality, density, and utilisation of existing base building services.

<b>On Costs:</b>	<b>% Cost of Works</b>
Project management and consulting fees	10% - 30%

All subject to scope of work, size and complexity.

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- » Make Good Schedules
- » Dilapidations Schedules
- » Schedules of Condition
- » Capital Expenditure Planning
- » Technical Due Diligence
- » Quantity Surveying
- » Property Depreciation Allowances
- » Insurance Replacement Costs



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