



Are you sat waiting for your friendly Landlord to decide how he prefers that you exit the premises at lease end? Will he serve a late Schedule of Dilapidations – leaving you little hope of undertaking the works required while you can control the costs? Will he undertake a full scheme of works post lease end to a spectacular standard (due to his long term interest in the premises) and try and get you to pay for it via damages? Or will he serve a timely (early – say 12 months) Schedule and only then will you have options to consider which suit your business needs.

Or, even better, you drive the process it is essential that you have a robust strategy if you are to avoid unnecessary and usually very significant costs at lease end.

So how do you plan your exit?

Your lease will likely contain repairing, redecoration and reinstatement covenants (if it's not a natural lease end there could be conditions which require strict adherence to these obligations in order to exercise a break clause). Missing a notice period or not performing obligations adequately may result in the lease not being broken and continuing after a break date.

Your exit strategy needs to be carefully considered way in advance of the lease end; Can you vacate to allow dilapidations work to be undertaken? If you need to use the premises up to lease end then you need to accept it's a damage claim and know your options to minimise the settlement sum using a potent concoction of statute, bluff, negotiation skills and case law.....

You need to call a specialist firm of Commercial Building Surveyors and establish their track record in dilapidations matters, they will (or certainly should) establish your desired outcomes, make you aware of the numerous ways this could play out, review of the lease and inspect the premises. This should be done well before the termination date.

A report should be prepared listing minimum required works and once considered it may be time to contact the Landlord explaining the wonderful options you have and encourage early engagement - not allowing you to be ambushed.

Understanding the extent of dilapidations liabilities is not just for the lease end. It is also worth noting that FRS102 requires businesses to make a suitable allowance within their accounts for dilapidations. AG are recognised dilapidations experts, let us take away some of the uncertainty and stress and let you get on with running your business.