

## DIRECTORS' BRIEFING

### DILAPIDATIONS – HOW TO DEFEND YOURSELF AND SAVE CASH

Cash is king and landlords are increasingly using the strict interpretation of lease clauses to submit aggressive and often over-inflated dilapidations claims in order to plough occupier money back into their property.

Conversely, too many occupiers simply see dilapidations as a case of undertaking repair and reinstatement work at least cost, or handing over an uncontested cheque to the landlord. Our research revealed that over 69% of defences subsequently handled by Haywards showed that inadequate provision had been made for dilapidations exposure leaving businesses exposed to extra costs.

#### So how do you protect yourself?

The first is to seek good advice. This will pay many times over. Your expert should then help you devise and implement a plan which minimises both the risk and financial exposure of the dilapidations liability. From a practical perspective Haywards has a 6 point plan that will enable you to take better control.

1. **Put a strategy in place** – see dilapidations as an opportunity not a threat. What is your desired outcome? Is the goal for the business to stay or go? What is your property's condition?
2. **Appoint a good dilapidations expert** – Firstly, your surveyor should have a solid understanding of buildings and the associated services together with an excellent track record in preparing and defending claims. This needs to be mixed with a good knowledge of the Property Acts and associated case law that form the basis of a good defence.
3. **Be very clear what your lease requires you do to** – All leases vary. Have a clear understanding of your liabilities. Get this wrong and you could easily have an unplanned and larger financial exposure than anticipated.
4. **Marry leasehold documentation with your property's condition** – Understanding the nuances of your lease against your property's physical condition is key. Done correctly, you

will be able to understand all the risks and options open to you in order to reduce your contingent liability towards the end of your lease.

5. **Timing** – This is everything. Approach the landlord on your dilapidations liability too early and you could give your cards away. If you leave it too late you will run out of options to get the best deal available. A well worked plan could significantly reduce your exposure and leverage your position.
6. **Choose a first class negotiator** – This is not the same as the expert who might develop the claim. They should be trained as a negotiator. A good one will pay for themselves many times over. Their skills, coupled with a proper, and we stress proper, understanding of the dilapidations' world, could save you anywhere between 30% and 50% of the landlord's claim. Sometimes it can be as much as 80%.

## Final Thoughts

The right solution is not a one size fits all approach. Each building or office is different. As in business, achieving results isn't just about having the right strategy – to get the best results it is also how you plan out your approach and then deliver it. Haywards believes the same applies to dilapidations and therefore it is no surprise why, on average, we have reduced our clients' exposure by 42%.

If you would like to know more please do not hesitate to call Tony Oxford or Gail Wickes on 01494 488 493.

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### About Haywards

Haywards is a leading commercial property and workplace advisor representing the needs of occupiers throughout the UK and across Europe. We deliver and sustain business profitability and flexibility by increasing the contribution made by property and workplace environments.

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