



Sub-tenant Recovery Service

... benefitting your business

We provide a service for landlords and mid-landlords of commercial property to undertake a thorough review of property costs recovered from tenants. This service includes a thorough review of lease agreements, property cost liabilities, apportionment calculations and payment history.

This service ensures that 100% recovery of costs is achieved across your sub-tenant portfolio, including the following steps:

Lease Analysis

Your superior and sub-lease(s) are reviewed to check the rent, insurance, service charge and ancillary cost provisions. The mechanics for rent demands, VAT, apportionments, capped charges, rent free periods and any other relevant provisions are reviewed and reported. These duties include:

- Obtain head and sub-leases for each tenant.
- Review of head and sub-leases, documenting key dates and provisions, such as: mechanics for rent demands, VAT, apportionments, capped charges, rent free periods and any other relevant provisions.
- Highlight any irrecoverable costs.

Prior Year Assessments

We review the amounts recovered to date and verify if there is any under charging in accordance with the leases. Once established, we compile documentary evidence of the charges and prepare a pack of information to be presented to your tenants or sub-tenants prior to raising demands. These duties include:

- Obtain invoices demanded by your landlord.
- Obtain invoices raised to your sub-tenants and payment history.
- Review costs to identify appropriateness of recovery and variances.
- Summarise variances and compile documentary evidence to support corrective invoicing.
- Highlight where Landlord's invoices are discovered to be incorrect.
- Present findings and seek approval to engage in discussions with sub-tenants.
- Raise corrective invoices and manage debtor control.

These prior year costs can include:

Principal Rent

We assess rent demands to verify if rent review provisions, rent free periods, step rental agreements are correctly calculated and recovered.

Insurance

We check the recovery of insurance premiums charged by your landlord. These are often raised as annual charges, which can sometimes need to be apportioned to tenants occupying part of your demised area.

Service Charge

Tenants' service charge liability varies annually, as do the sub-tenant service charges. We analyse the service charges that can be recovered from your sub-tenants. In our experience, balancing charges, mid-year service charge uplifts and extraordinary service charge demands are often not recovered from sub-tenants.

Demised Electricity

Sub-tenant demised electricity needs to be apportioned appropriately and calculated to assess the correct charges based on fair usage or other lease provisions. We obtain information to validate the appropriate electricity charges to be invoiced, using where available sub-metering facilities provided at the building or alternatively assessing and agreeing consumption with your tenants.

Direct Recharges

Any costs incurred for out of hours services or specific additional extras requested by your sub-tenants are often billed outside of the service charge, directly to the mid-landlord. From our experience, these direct charges are very rarely recovered from sub-tenants.

Raising Demands & Rent Collection

Please speak to us about our rent collection service, which is designed to provide bespoke management of the invoicing, debtor control and reporting of sub-tenant income. We hold designated client accounts for collecting client's monies in accordance with RICS Regulations. We are also covered by the Client's Money Protection Scheme provided by the RICS.

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