



Supporting and empowering
you every step of the way

PROPERTY: ASSISTING COMMERCIAL TENANTS WITH THE IMPACT OF COVID-19

With the recent release of the Mandatory Code of Conduct (the Code) governing commercial leasing arrangements, landlords and their tenants are required to engage in good faith negotiations in respect of rental reductions in the form of waivers and deferrals to help mitigate the financial stress and hardship suffered as a direct result of the COVID-19 pandemic. Complying with the Code will present significant issues for tenants.

What actions should tenants take?

When negotiating with their landlords, it will be necessary for tenants to demonstrate:

- annual turnover of \$50 million or less
- eligibility for the Government's JobKeeper program
- financial stress or hardship as a direct result of the COVID-19 pandemic, typically evidenced by a combination of:
 - a reduction in turnover
 - impacted cashflow
 - a reduction in profitability
 - limited financial support from other sources (insurance, banks, government support)
- their ability to otherwise adhere to the other substantive terms of the lease

To further aid in negotiation, it may be beneficial for tenants to seek an appraisal on the market value of their lease.

HOW CAN RSM ASSIST?

As specialists in the mid-market, RSM are acutely aware of the impact that COVID-19 has had on business owners. To comply with the Code of Conduct, it will be important for business owners to demonstrate the impact of COVID-19 on their business to negotiate a reduction in rent.

To assist tenants, our specialist advisers can undertake a Rental Reduction Review engagement of agreed-upon procedures to review a tenant's financial information and prepare a report of factual findings to assist the tenant in demonstrating their eligibility for a rental reduction in accordance with the mandatory Code of Conduct.

Get in contact with an RSM adviser today at rsm.com.au/get-contact



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For more information and resources on COVID-19, visit:
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