

# LEASING AUDIT

## Commercial Real Estate Lease Audits and Reviews – Level the Playing Field

Your landlords receive professional advice when billing you for operating expenses and taxes. Shouldn't you have professional advice when paying them? ETP supports you with the expertise and experience you need to keep your charges fair and equitable.

## Lease Audits help you gain control over one of your largest and most critical expenses: occupancy costs

Real estate can be one of a company's most significant expenses, and commercial leases are one of its key components. Up to 70% of the cost of a lease can represent the tenant's obligation to share in building operating costs, taxes and utilities. Because leases and these charges can be complex, it is common for these bills to be incorrect.

Unfortunately, most leases place the burden on the tenant to identify errors and bring them to the landlord's attention, and to do so within a limited time period. Because most tenants don't have the time or resources to do this, they simply pay their bills as rendered. This can lead to overpayments that can recur year after year.

## What is a Lease Audit?

A lease audit is a comprehensive analysis of lease terms and validation of charges to ensure that amounts billed are correct. It involves a disciplined review of lease documents, invoices and various other materials. It can also include a review of the property manager's books and records as well as public records and other data.

## Lease Audit Benefits

- Brings leases back in line with original financial projections
- Recovers overpayments
- Provides security in knowing that leases are in material compliance
- Increases landlord awareness of errors
- Improves internal controls
- Identifies areas for improvement of future leases

## Equipment Lease Auditing, Review and Management Services

ETP provides a comprehensive review of your leases organizational-wide to ensure none are being paid past its term. Most leases never terminate as they have an automatic renewal clause which goes into effect if you do not provide the vendor with end of lease arrangements as detailed in your lease contract. Many companies pay unnecessary costs in lease payments that should have ended months sooner and those extra payments could have either gone into the fair market value buy-out of the lease or into new equipment. Equipment leases within the Supply Chain are often the 'elephant in the room' that everyone knows is there, but does not want to discuss.

Our audit and review is designed to uncover possible errors and overpayments in your current leases, provide an essential pre-lease audit of pricing, terms and conditions before you sign any new lease agreements, assist your organization in competitive lease bids, and manage leases throughout the term in order to avoid unnecessary costs, overpayments and to identify strategic opportunities for cost reduction. These are the typical services we perform during our lease audit and review that can be tailored to your needs:

1. Review lease contracts line by line.
2. Comprehensive picture of current situations & constraints
3. Identify immediate cost savings
4. Restructuring of Equipment Leases
5. Implement a lease management system
6. Review the opportunity to turn equipment into cash at its balance sheet value
7. Review options for sale or trade in of existing assets
8. Consider Sale & Leaseback options

Cost savings exist in all companies and organizations regardless of size. You just need to know where and have the time to look.