

# **Review**

# **Schedules of Condition**

# **and Property Reports**

Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Divide



- Into groups of six. Move the tables

# Pick a Role

- Landlord
- Landlord's Surveyor
- Landlord's Solicitor

Or

- Tenant
- Tenant's Surveyor
- Tenant's Solicitor



# Pick a Building



- Pick a local building, which could be a:
  - Café
  - Bar
  - Public building, such as a library, university or leisure centre etc.

It just needs to be open now and within walking distance.

## Freehold

- Within the law you're free to do what you like with the property

## Leasehold

- Limited by the lease and statute

# Dilapidations in one slide

- Dilapidations are all about leases
- the rights and responsibilities the landlord and tenant have relating to these
- and how they settle any disagreement.



# How Surveyors can help the Tenants



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Tenant – saved by a Schedule of Condition



- A Schedule of Condition is a record of what the property is like at the time the lease is taken on.
- Tenants / business owners protect themselves by having a Schedule of Condition prepared.

## Blank Example of an External Section of a Schedule of Condition

<b><u>Name the ELEVATION</u></b>		
<b>DESCRIPTION</b>	<b>CONDITION</b>	<b>ACTION REQUIRED</b>
<b>Chimneys:</b>		
<b>Roofs:</b>		
<b>Gutters and Downpipes:</b>		
<b>Walls:</b>		
<b>External Joinery:</b>		
<b>General Comments:</b>		

# Schedule of Condition Example

Example of an External Page from a Schedule of Condition

## FRONT ELEVATION



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

FRONT ELEVATION		
DESCRIPTION	CONDITION	ACTION REQUIRED
<b>Chimneys:</b> Two chimneys (stone clad one to right hand side and brickwork one to left hand side)	Average condition	
<b>Roof:</b> Shallow pitched roof We can also see the flat roof.	Some tiles missing and also from our investigations there is rotten timber beneath.	Re-apply reflective paint and check for ad-hoc repairs.
<b>Gutters and Downpipes:</b> Box guttering, downpipes and Fascias and soffits	Leak to left hand side	Repair
<b>Walls:</b> Cavity brickwork Vertical tiling	Marks and old fixing works Some tiles missing	Clean and repair Replace
<b>External Joinery:</b> Front entrance door Casement windows	Marked and sill worn	Repair and redecorate Clean, repair and redecorate
<b>Paved Area:</b> Hexagonal concrete paved area with smokers tent	Damaged and dirty	In need of repair, replacement and cleaning
<b>Signage and Lighting:</b>	Copyright of 1stAssociated.co.uk, Average, some marks. not to be used in any format	General clean and touch up.

# Property Report

- They will also need a Property Report
- The report identifies the key issues the property has and looks specifically at issues relating to how the client wishes to use the property

# Get to know your clients

- We need to think about what our clients need
- In this case our client wants to use the pub as a ????????????

# Get to know your client

- **Accountants**
- **Bakery restaurant**
- **Bank**
- **Building society**
- **Children Nursery**
- **Dental Practice**
- **Doctors Surgery**
- **Dry cleaners**
- **Fast Food**
- **Financial Advisers**
- **Garden Centre**
- **Hair dressers**
- **Internet Café**
- **Out door activities**
- **Phone shop**
- **Wine Merchants**

# Types of Business Owners

- A/ New or newish start up business looking to start or expand business or run a franchise from needs a building
- B/ An established business looking to expand nationwide
- C/ An establish business moving to a different location primary locations

# Dilapidations Process

- ✓ Client rings for advice / quote
- ✓ Talk to client
- ✓ Confirm instruction
- ✓ Gather available information
- ✓ View property
- ✓ Prepare Schedule of Condition & Property report or Dilapidations report
- ✓ Advise and agree way forward with your client
- ✓ Meet other surveyor
- ✓ Negotiate and agree
- ✓ Negotiate and disagree and go to court

# Divide



- Into groups of six. Move the tables

# Pick a Role

- Landlord
- Landlord's Surveyor
- Landlord's Solicitor

Or

- Tenant
- Tenant's Surveyor
- Tenant's Solicitor



# Pick a Building



- Pick a local building, which could be a:
  - Café
  - Bar
  - Public building, such as a library, university or leisure centre etc.

It just needs to be open now and within walking distance.

## HEADS OF TERMS OF PROPOSED LETTING

Address of Property to be leased

**Landlord:** Landlord's name and  
address details

**Landlord's Solicitor:** Landlord's solicitor's  
name and address details

**Tenant:** Tenant's name and address  
details

**Tenant's Solicitor:** Tenant's Solicitor's name  
and address details.

**Terms:**

1. **Subject to Contract.**
2. **Demise**  
All those premises known as     **Address of Property**
3. **Lease**  
For a term of 12 years on full repairing and insuring terms with rent reviews at 4 yearly intervals.
4. **Tenants' Break Option**  
The tenants to have break options at the end of Year 4 and Year 8 on not less than 3 months' written notice.
5. **Rent**  
£32,000 per annum exclusive with 3 months rent free at the commencement of the term.
6. **Rates**  
Rateable Value £17,750.  
Rates payable £                      - £8,200.50.
7. **References**  
                    to obtain the usual references.  
                    **Solicitor**
8. **Sureties/Rent Deposit**  
As part of the negotiations it has been agreed that the Landlord will require a rent deposit.  
  
In order to take the property off the market, the proposed tenants have paid a non-returnable reservation fee of £5,000 to the landlord's solicitor. This £5,000 will be used as part payment of the rent deposit should the transaction proceed to a satisfactory conclusion.
9. **VAT**  
The Landlord has elected to waive its exemption and VAT at the standard rate is payable by the occupiers on the rent and all other costs where applicable.

not to be used in any format  
without express written permission

# Summarise Heads of Terms

- Lease type - FRI
- Lease Time 12 years – 4 year break clauses
- Demise GF only

# Pick a Building



- Pick a local building, which could be a:
  - Café
  - Bar
  - Public building, such as a library, university or leisure centre etc.

It just needs to be open now and within walking distance.

# More Detail

Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

## LEFT HAND GABLE END



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

LEFT HAND GABLE END		
DESCRIPTION	CONDITION	ACTION REQUIRED
<b>Chimneys:</b> One brick chimney with two pots	Average condition	
<b>Roof:</b> Shallow pitched roof. Able to see flat roof.	Some repair work required to perimeter tiles and some minor moss.	Repair
<b>Gutters and Downpipes:</b> Metal	Leak to downpipe, causing moss staining	Repair
<b>Walls:</b> Cavity brickwork Extract fan	Average condition	Clean and make good Clean
<b>External Joinery:</b> Casement windows		Clean, repair and redecorate
<b>Parking Area:</b> Concrete parking with centrally placed drain.	General vegetation	Clean
<b>Garage</b> Garage with flat roof	Brickwork has a vertical crack from the ground to the roof and over garage door. Some decorate brickwork. To the side of the gates is brickwork that has spalled. and a movement crack between the brickwork of the gate and the main building	Replace
<b>Boundaries:</b> The boundary is surrounded by a wall, approx 2 metres in height.	Copyright of 1stAssociated.co.uk, not to be used in any format	Repoint and general clean.

## RIGHT HAND SIDE



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

<b>RIGHT HAND SIDE</b>		
<b>DESCRIPTION</b>	<b>CONDITION</b>	<b>ACTION REQUIRED</b>
<b>Chimneys:</b> Large stone clad chimney with two chimney pots	Average	
<b>Roof:</b> Shallow pitched roof. Able to see flat roof.	Some repair work required to perimeter tiles and some minor moss.	Repair
<b>Flat Roof:</b> Asphalt	Some repairs visible	On-going maintenance
<b>Gutters and Downpipes:</b> Metal	Average	Repair and redecorate
<b>Walls:</b> Cavity brickwork	Some marks	General clean
<b>External Joinery:</b> Timber and metal windows at low level	Below average	Clean, repair and redecorate.

# Schedule of Condition

Your turn, what the tenant sees



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Right Gable



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Questions you should be asking?



- Major defects in the lease term (next 12 years)
- Defects requiring immediate repair
- High level issues – what the roof configuration is, gutters, down pipes
- What the roof structure is like
- What the first floor is like (without actually going on to it)
- Any cracks are they important cracks?
- Sketch front, rear and floor plans

# Front right



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Questions you should be asking?



- Major defects in the lease term (next 12 years)
- Defects requiring immediate repair
- High level issues – what the roof configuration is, gutters, down pipes
- What the roof structure is like
- What the first floor is like (without actually going on to it)
- Any cracks are they important cracks?
- Sketch front, rear and floor plans

# Front



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Questions you should be asking?



- Major defects in the lease term (next 12 years)
- Defects requiring immediate repair
- High level issues – what the roof configuration is, gutters, down pipes
- What the roof structure is like
- What the first floor is like (without actually going on to it)
- Any cracks are they important cracks?
- Sketch front, rear and floor plans

# Front left side



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Questions you should be asking?



- Major defects in the lease term (next 12 years)
- Defects requiring immediate repair
- High level issues – what the roof configuration is, gutters, down pipes
- What the roof structure is like
- What the first floor is like (without actually going on to it)
- Any cracks are they important cracks?
- Sketch front, rear and floor plans

# Left side and part front



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Questions you should be asking?



- Major defects in the lease term (next 12 years)
- Defects requiring immediate repair
- High level issues – what the roof configuration is, gutters, down pipes
- What the roof structure is like
- What the first floor is like (without actually going on to it)
- Any cracks are they important cracks?
- Sketch front, rear and floor plans

# Left side



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Questions you should be asking?



- Major defects in the lease term (next 12 years)
- Defects requiring immediate repair
- High level issues – what the roof configuration is, gutters, down pipes
- What the roof structure is like
- What the first floor is like (without actually going on to it)
- Any cracks are they important cracks?
- Sketch front, rear and floor plans

# Brick chimney what type of flashing?



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

LEFT HAND GABLE END		
DESCRIPTION	CONDITION	ACTION REQUIRED
<b>Chimneys:</b> One brick chimney with two pots	Average condition	
<b>Roof:</b> Shallow pitched roof. Able to see flat roof.	Some repair work required to perimeter tiles and some minor moss.	Repair
<b>Gutters and Downpipes:</b> Metal	Leak to downpipe, causing moss staining	Repair
<b>Walls:</b> Cavity brickwork Extract fan	Average condition	Clean and make good Clean
<b>External Joinery:</b> Casement windows		Clean, repair and redecorate
<b>Parking Area:</b> Concrete parking with centrally placed drain.	General vegetation	Clean
<b>Garage</b> Garage with flat roof	Brickwork has a vertical crack from the ground to the roof and over garage door. Some decorate brickwork. To the side of the gates is brickwork that has spalled. and a movement crack between the brickwork of the gate and the main building	Replace
<b>Boundaries:</b> The boundary is surrounded by a wall, approx 2 metres in height.	Copyright of 1stAssociated.co.uk, not to be used in any format	Repoint and general clean.

# Garage wall vertical cracks



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

LEFT HAND GABLE END		
DESCRIPTION	CONDITION	ACTION REQUIRED
<b>Chimneys:</b> One brick chimney with two pots	Average condition	
<b>Roof:</b> Shallow pitched roof. Able to see flat roof.	Some repair work required to perimeter tiles and some minor moss.	Repair
<b>Gutters and Downpipes:</b> Metal	Leak to downpipe, causing moss staining	Repair
<b>Walls:</b> Cavity brickwork Extract fan	Average condition	Clean and make good Clean
<b>External Joinery:</b> Casement windows		Clean, repair and redecorate
<b>Parking Area:</b> Concrete parking with centrally placed drain.	General vegetation	Clean
<b>Garage</b> Garage with flat roof	Brickwork has a vertical crack from the ground to the roof and over garage door. Some decorate brickwork.  To the side of the gates is brickwork that has spalled. and a movement crack between the brickwork of the gate and the main building	Replace
<b>Boundaries:</b> The boundary is surrounded by a wall, approx 2 metres in height.	Copyright of 1stAssociated.co.uk, not to be used in any format	Repoint and general clean.

# Vertical crack



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

LEFT HAND GABLE END		
DESCRIPTION	CONDITION	ACTION REQUIRED
<b>Chimneys:</b> One brick chimney with two pots	Average condition	
<b>Roof:</b> Shallow pitched roof. Able to see flat roof.	Some repair work required to perimeter tiles and some minor moss.	Repair
<b>Gutters and Downpipes:</b> Metal	Leak to downpipe, causing moss staining	Repair
<b>Walls:</b> Cavity brickwork Extract fan	Average condition	Clean and make good Clean
<b>External Joinery:</b> Casement windows		Clean, repair and redecorate
<b>Parking Area:</b> Concrete parking with centrally placed drain.	General vegetation	Clean
<b>Garage</b> Garage with flat roof	Brickwork has a vertical crack from the ground to the roof and over garage door. Some decorate brickwork.  To the side of the gates is brickwork that has spalled. and a movement crack between the brickwork of the gate and the main building	Replace
<b>Boundaries:</b> The boundary is surrounded by a wall, approx 2 metres in height.	Copyright of 1stAssociated.co.uk, not to be used in any format	Repoint and general clean.

# What type of flat roof



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

LEFT HAND GABLE END		
DESCRIPTION	CONDITION	ACTION REQUIRED
<b>Chimneys:</b> One brick chimney with two pots	Average condition	
<b>Roof:</b> Shallow pitched roof. Able to see flat roof.	Some repair work required to perimeter tiles and some minor moss.	Repair
<b>Gutters and Downpipes:</b> Metal	Leak to downpipe, causing moss staining	Repair
<b>Walls:</b> Cavity brickwork Extract fan	Average condition	Clean and make good Clean
<b>External Joinery:</b> Casement windows		Clean, repair and redecorate
<b>Parking Area:</b> Concrete parking with centrally placed drain.	General vegetation	Clean
<b>Garage</b> Garage with flat roof	Brickwork has a vertical crack from the ground to the roof and over garage door. Some decorate brickwork.  To the side of the gates is brickwork that has spalled. and a movement crack between the brickwork of the gate and the main building	Replace
<b>Boundaries:</b> The boundary is surrounded by a wall, approx 2 metres in height.	Copyright of 1stAssociated.co.uk, not to be used in any format	Repoint and general clean.

# Should the schedule include the path?



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

LEFT HAND GABLE END		
DESCRIPTION	CONDITION	ACTION REQUIRED
<b>Chimneys:</b> One brick chimney with two pots	Average condition	
<b>Roof:</b> Shallow pitched roof. Able to see flat roof.	Some repair work required to perimeter tiles and some minor moss.	Repair
<b>Gutters and Downpipes:</b> Metal	Leak to downpipe, causing moss staining	Repair
<b>Walls:</b> Cavity brickwork Extract fan	Average condition	Clean and make good Clean
<b>External Joinery:</b> Casement windows		Clean, repair and redecorate
<b>Parking Area:</b> Concrete parking with centrally placed drain.	General vegetation	Clean
<b>Garage</b> Garage with flat roof	Brickwork has a vertical crack from the ground to the roof and over garage door. Some decorate brickwork.  To the side of the gates is brickwork that has spalled. and a movement crack between the brickwork of the gate and the main building	Replace
<b>Boundaries:</b> The boundary is surrounded by a wall, approx 2 metres in height.	Copyright of 1stAssociated.co.uk, not to be used in any format	Repoint and general clean.

# DPC right level?



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

LEFT HAND GABLE END		
DESCRIPTION	CONDITION	ACTION REQUIRED
<b>Chimneys:</b> One brick chimney with two pots	Average condition	
<b>Roof:</b> Shallow pitched roof. Able to see flat roof.	Some repair work required to perimeter tiles and some minor moss.	Repair
<b>Gutters and Downpipes:</b> Metal	Leak to downpipe, causing moss staining	Repair
<b>Walls:</b> Cavity brickwork Extract fan	Average condition	Clean and make good Clean
<b>External Joinery:</b> Casement windows		Clean, repair and redecorate
<b>Parking Area:</b> Concrete parking with centrally placed drain.	General vegetation	Clean
<b>Garage</b> Garage with flat roof	Brickwork has a vertical crack from the ground to the roof and over garage door. Some decorate brickwork.  To the side of the gates is brickwork that has spalled. and a movement crack between the brickwork of the gate and the main building	Replace
<b>Boundaries:</b> The boundary is surrounded by a wall, approx 2 metres in height.	Copyright of 1stAssociated.co.uk, not to be used in any format	Repoint and general clean.

# Flat roof type? Problems?



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

LEFT HAND GABLE END		
DESCRIPTION	CONDITION	ACTION REQUIRED
<b>Chimneys:</b> One brick chimney with two pots	Average condition	
<b>Roof:</b> Shallow pitched roof. Able to see flat roof.	Some repair work required to perimeter tiles and some minor moss.	Repair
<b>Gutters and Downpipes:</b> Metal	Leak to downpipe, causing moss staining	Repair
<b>Walls:</b> Cavity brickwork Extract fan	Average condition	Clean and make good Clean
<b>External Joinery:</b> Casement windows		Clean, repair and redecorate
<b>Parking Area:</b> Concrete parking with centrally placed drain.	General vegetation	Clean
<b>Garage</b> Garage with flat roof	Brickwork has a vertical crack from the ground to the roof and over garage door. Some decorate brickwork.  To the side of the gates is brickwork that has spalled. and a movement crack between the brickwork of the gate and the main building	Replace
<b>Boundaries:</b> The boundary is surrounded by a wall, approx 2 metres in height.	Copyright of 1stAssociated.co.uk, not to be used in any format	Repoint and general clean.

# Reflective paint why?



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

LEFT HAND GABLE END		
DESCRIPTION	CONDITION	ACTION REQUIRED
<b>Chimneys:</b> One brick chimney with two pots	Average condition	
<b>Roof:</b> Shallow pitched roof. Able to see flat roof.	Some repair work required to perimeter tiles and some minor moss.	Repair
<b>Gutters and Downpipes:</b> Metal	Leak to downpipe, causing moss staining	Repair
<b>Walls:</b> Cavity brickwork Extract fan	Average condition	Clean and make good Clean
<b>External Joinery:</b> Casement windows		Clean, repair and redecorate
<b>Parking Area:</b> Concrete parking with centrally placed drain.	General vegetation	Clean
<b>Garage</b> Garage with flat roof	Brickwork has a vertical crack from the ground to the roof and over garage door. Some decorate brickwork.  To the side of the gates is brickwork that has spalled. and a movement crack between the brickwork of the gate and the main building	Replace
<b>Boundaries:</b> The boundary is surrounded by a wall, approx 2 metres in height.	Copyright of 1stAssociated.co.uk, not to be used in any format	Repoint and general clean.

# Front flat roof



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

LEFT HAND GABLE END		
DESCRIPTION	CONDITION	ACTION REQUIRED
<b>Chimneys:</b> One brick chimney with two pots	Average condition	
<b>Roof:</b> Shallow pitched roof. Able to see flat roof.	Some repair work required to perimeter tiles and some minor moss.	Repair
<b>Gutters and Downpipes:</b> Metal	Leak to downpipe, causing moss staining	Repair
<b>Walls:</b> Cavity brickwork Extract fan	Average condition	Clean and make good Clean
<b>External Joinery:</b> Casement windows		Clean, repair and redecorate
<b>Parking Area:</b> Concrete parking with centrally placed drain.	General vegetation	Clean
<b>Garage</b> Garage with flat roof	Brickwork has a vertical crack from the ground to the roof and over garage door. Some decorate brickwork.  To the side of the gates is brickwork that has spalled. and a movement crack between the brickwork of the gate and the main building	Replace
<b>Boundaries:</b> The boundary is surrounded by a wall, approx 2 metres in height.	Copyright of 1stAssociated.co.uk, not to be used in any format	Repoint and general clean.

# Have a system



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

LEFT HAND GABLE END		
DESCRIPTION	CONDITION	ACTION REQUIRED
<b>Chimneys:</b> One brick chimney with two pots	Average condition	
<b>Roof:</b> Shallow pitched roof. Able to see flat roof.	Some repair work required to perimeter tiles and some minor moss.	Repair
<b>Gutters and Downpipes:</b> Metal	Leak to downpipe, causing moss staining	Repair
<b>Walls:</b> Cavity brickwork Extract fan	Average condition	Clean and make good Clean
<b>External Joinery:</b> Casement windows		Clean, repair and redecorate
<b>Parking Area:</b> Concrete parking with centrally placed drain.	General vegetation	Clean
<b>Garage</b> Garage with flat roof	Brickwork has a vertical crack from the ground to the roof and over garage door. Some decorate brickwork.  To the side of the gates is brickwork that has spalled. and a movement crack between the brickwork of the gate and the main building	Replace
<b>Boundaries:</b> The boundary is surrounded by a wall, approx 2 metres in height.	Copyright of 1stAssociated.co.uk, not to be used in any format	Repoint and general clean.

# Vertical tiles



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# CI down pipe and what type of roof?



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Roof repairs?



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Roof repairs?



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Flashing ok?



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Gutters and fascia



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# window paint work



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Gutter inside



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Shallow pitch



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Under roof tile



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Sky lights ok?



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Legal Frame work for Commercial Property



- Law of Property Act 1925
- Landlord and Tenant Act 1927
- Leasehold Property (Repairs) Act 1938
- Occupiers Liability Acts (1957 and 1984)

# Tenant / Business Owner Protection



Tenants can and do negotiate using a Survey and a Schedule of Condition.



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Business Owner



- See “Property to Let” sign
- Business owner thinks I can make a good profit from that building/location its up to you to give property advice (not refer on to other specialists)
- Typically business owner will make an initial offer based on a **Heads of Terms, before you see the property**
- **the deal is often nearly complete before you see the property.**

**We need to get inside the  
buildings too**

Example of an internal schedule  
of condition

## Example of an Internal Section of a Schedule of Condition

<u>Room</u>		
DESCRIPTION	CONDITION	ACTION REQUIRED
<b>Ceilings:</b>		
<b>Walls:</b>		
<b>Floors:</b>		
<b>Joinery:</b>		
<b>Services:</b>		

# Schedule of Condition

Examples of some Internal Pages from a Schedule of Condition

**Front of House  
Public Bar**



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

## Front of House - Public Bar

DESCRIPTION	CONDITION	ACTION REQUIRED
<b>Ceilings:</b> Painted embossed and painted decked area	Average, some marks and scuffs	Repair and redecorate
<b>Walls:</b> Painted brickwork and painted plaster. Timber dado Bricks around bar and timber trim	Some marks Average General ingrained dirt	Repair and redecorate Repair and redecorate Repair, clean and redecorate
<b>Floors:</b> Vinyl wood look floor	Some marks and cigarette burns	Repair or replace

## **Back of House Catering / Domestic Kitchen**



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

<b>Catering/Domestic Kitchen</b>		
<b>DESCRIPTION</b>	<b>CONDITION</b>	<b>ACTION REQUIRED</b>
<b>Ceilings:</b> Painted panels, one roof light	Average. Some light fittings missing.	Repair and redecorate
<b>Walls:</b> Extract fan	Heavily marked	Repair and redecorate Clean
<b>Floors:</b> Vinyl	Dirty	Deep clean
<b>Joinery:</b> Entrance door	Damaged	Repair and redecorate
<b>Catering Equipment:</b> This is domestic quality catering equipment so we do not believe it will meet Local Authority approval. You and your solicitor need to carry out your own investigation..	Basic	Replace
<b>Services:</b> Electrics	We carried out a one off test in the kitchen and found it had an earthing point missing.	Have an Institute of Electrical Engineers (IEE) Test and Report

## **FIRST FLOOR – PRIVATE LIVING ACCOMMODATION**

### **Lounge**



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

## FIRST FLOOR – PRIVATE LIVING ACCOMMODATION

### Lounge

DESCRIPTION	CONDITION	ACTION REQUIRED
<b>Ceilings:</b> Fibreboard	Marked	Repair and redecorate
<b>Walls:</b> Papered embossed	Dirty	Repair and redecorate
<b>Floors:</b> Carpet	Average	
<b>Joinery:</b> Metal style window (known as crittal windows) and French doors Entrance door	Damaged Impact damage	Repair and redecorate Replace

# Dilapidations Process

- ✓ Client rings for advice / quote
- ✓ Talk to client
- ✓ Confirm instruction
- ✓ Gather available information
- ✓ View property
- ✓ Prepare Schedule of Condition or Dilapidations report
- ✓ Advise and agree way forward with your client
- ✓ Meet other surveyor
- ✓ Negotiate and agree
- ✓ Negotiate and disagree and go to court

# **Your Client**

- 1. Accountants**
- 2. Bakery restaurant**
- 3. Bank**
- 4. Building society**
- 5. Children Nursery**
- 6. Dental Practice**
- 7. Doctors Surgery**
- 8. Dry cleaners**
- 9. Fast Food**
- 10. Financial Advisers**
- 11. Garden Centre**
- 12. Hair dressers**
- 13. Internet Café**
- 14. Out door activities**
- 15. Phone shop**
- 16. Wine Merchants**

# Question Sheet 1

- Why do we have leases?
- Why don't all wealthy businesses own the properties?
- Would you recommend the client leases your property?



# Property Report

Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Dilapidations Process

- ✓ Client rings for advice / quote
- ✓ Talk to client
- ✓ Confirm instruction
- ✓ Gather available information
- ✓ View property
- ✓ Prepare Schedule of Condition & Property report or Dilapidations report
- ✓ Advise and agree way forward with your client
- ✓ Meet other surveyor
- ✓ Negotiate and agree
- ✓ Negotiate and disagree and go to court

# Property Report

- Looks at key problems
- Gives a summary of your findings
- Relates them to the lease
- Relates them to the client

# Key Problems

- Property issues in relation to the lease
- What type of lease is it
- Most are FRI leases
- Key issues for your client – Existing condition and further requirements

# Get to know your Client

- 1. Accountants**
- 2. Bakery restaurant**
- 3. Bank**
- 4. Building society**
- 5. Children Nursery**
- 6. Dental Practice**
- 7. Doctors Surgery**
- 8. Dry cleaners**
- 9. Fast Food**

Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Lease

- Read the lease and summarise it
- You will normally have to work on a heads of terms initially

**Terms:**

- 1. Subject to Contract.**
- 2. Demise**  
All those premises known as     **Address of Property**
- 3. Lease**  
For a term of 12 years on full repairing and insuring terms with rent reviews at 4 yearly intervals.
- 4. Tenants' Break Option**  
The tenants to have break options at the end of Year 4 and Year 8 on not less than 3 months' written notice.
- 5. Rent**  
£32,000 per annum exclusive with 3 months rent free at the commencement of the term.
- 6. Rates**  
Rateable Value £17,750.  
Rates payable :                 - £8,200.50.
- 7. References**  
**Solicitor**                 to obtain the usual references.
- 8. Sureties/Rent Deposit**  
As part of the negotiations it has been agreed that the Landlord will require a rent deposit.  
  
In order to take the property off the market, the proposed tenants have paid a non-returnable reservation fee of £5,000 to the landlord's solicitor. This £5,000 will be used as part payment of the rent deposit should the transaction proceed to a satisfactory conclusion.
- 9. VAT**  
The Landlord has elected to waive its exemption and VAT at the standard rate is payable by the occupiers on the rent and all other costs where applicable.

not to be used in any format  
without express written permission

# Heads of Terms

- Demise – Ground Floor only
- Lease - 12 year Full Repairing & Insuring
- Break clause - option at the end of year four and year eight

# Questions you should be asking?



- Major defects in the lease term (next 12 years)
- Defects requiring immediate repair
- High level issues – what the roof configuration is, gutters, down pipes
- What the roof structure is like
- What the first floor is like (without actually going on to it)
- Any cracks? Are they important cracks?
- Sketch front, rear and floor plans

# Reading Leases fast!

Ask the solicitor only to send you the relevant bits

# Reading Leases Fast

You are looking for the 'Four Rs' and a 'Yield up' Clause

- ❖ Repair Covenant
- ❖ Redecoration Covenant
- ❖ Reinstatement Covenant
- ❖ Statutory Requirements covenant
- ❖ Yield up clause



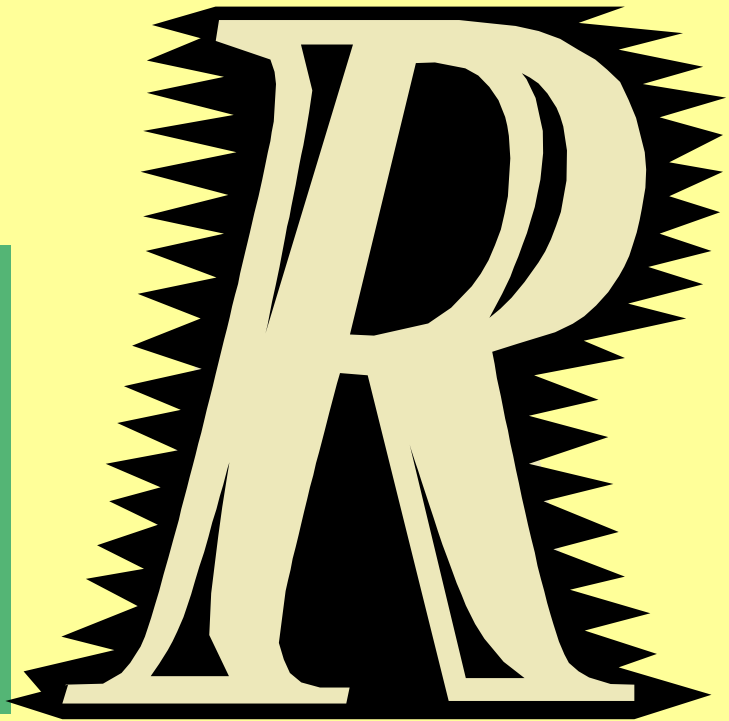
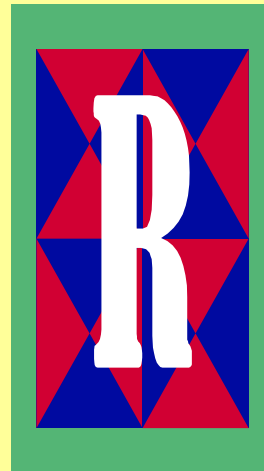
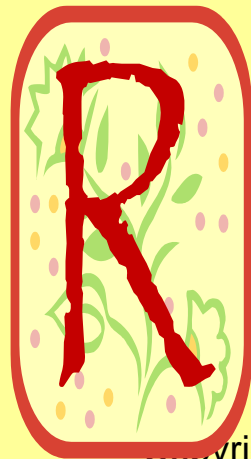
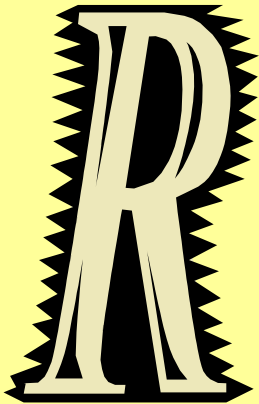
Or, better still

Ask the solicitor to give you the relevant clauses (it's a lot easier)

Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# The 4Rs

If we had the lease  
we would have  
looked for 4Rs and  
yield up



Copyright of 1stAssociated.co.uk,  
not to be used in any format  
without express written permission

# Example 4 R Clauses

### **(3) Repairs**

Throughout the said term well and substantially to repair and keep in good and substantial repair and condition the Demised Premises including all appurtenances thereto belonging and the sanitary water heating cooling and ventilating apparatus the sewers drains conduits gutters watercourses boundary walls and fences pipes cables wires ducts and mains and apparatus associated therewith and any equipment and fittings ancillary thereto forming part of the Demised Premises or solely serving the same and to renew and replace from time to time all Landlord's fixtures and fittings being part of the Demises Premises which may become beyond repair

#### **(4) Redecoration**

In a proper and workmanlike manner to paint with three coats of good quality paint all the wood metal and other parts of the Demised Premises heretofore or usually painted as to the external work in the third year and as to the internal work in the third year of the said term and in each case the painting to be done as well in the last three months of the term (howsoever determined) provided that there is an interval of two years between the works with good quality materials

## **(5) Works required by statute local and other authorities**

To observe and perform all requirements of and to do and execute or cause to be done and executed all such works and things as under or by virtue of any Acts of Parliament local Acts Building Regulations or bye-laws already or hereafter to be passed and rules and regulations hereunder now are or shall or may be directed or required to be done or executed upon or in respect of the Demised Premises or any part thereof or in respect of the user thereof whether by the owner Landlord Tenant or occupier thereof and at all times during the term hereby granted to indemnify and keep indemnified the Landlord against all claims demands expenses and liabilities in respect thereof

## **(25) Yielding up**

To yield up the Demised Premises (but not with trade and other tenant's fixtures) with vacant possession (subject to the provisions of the Landlord and Tenant Act 1954) at the determination of the said term in good and substantial repair and condition in accordance with the covenants hereinbefore contained

# Good News

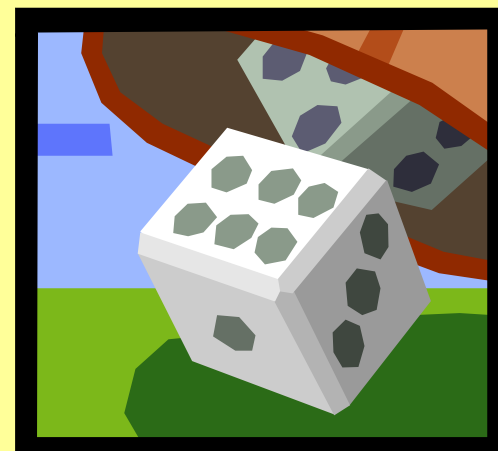
- Only a small extract typically 20 pages plus
- And most modern leases are Full Repairing and Insuring

# Mainly FRI Leases

Leases come in all Shapes and Sizes – or do they?

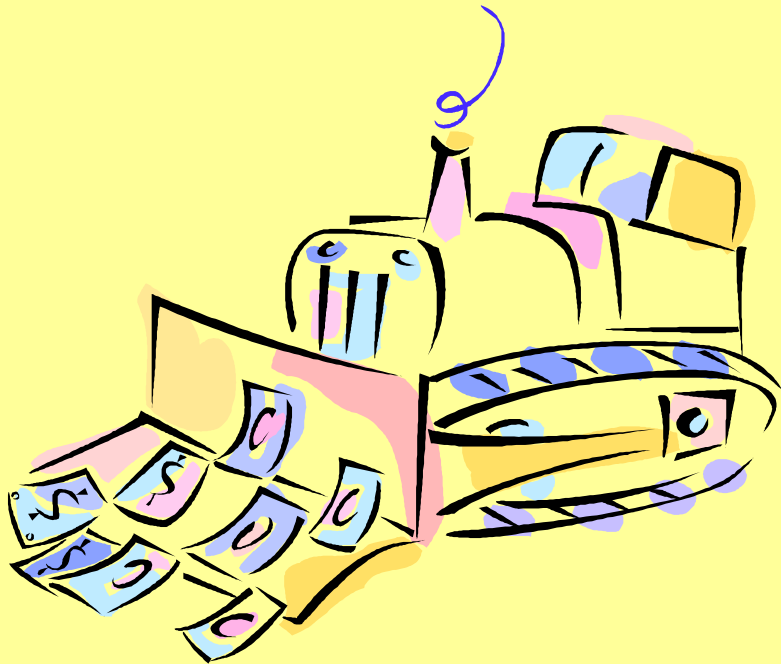
Six options, just a roll of the dice!

- ① Full Repairing and Insuring
- ② Full Repairing and Insuring
- ③ Full Repairing and Insuring
- ④ Full Repairing and Insuring
- ⑤ Limited Liability Internal Only
- ⑥ Limited Liability Schedule of Condition



So, as you can see you are most likely to get a Full Repairing and Insuring Lease, and then it is down to the detail wording of the lease, which is best interpreted by a solicitor.

# If a tenant does not have a Schedule of Condition what happens?



Towards the end of the lease the landlord will serve a Schedule of Dilapidations requesting everything is brought up to the standard in the lease and this could be very expensive.