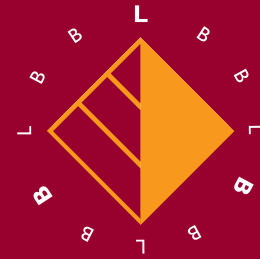


Dilapidations Appraisal Report



LBB CHARTERED SURVEYORS
LANGLEY BYERS BENNETT



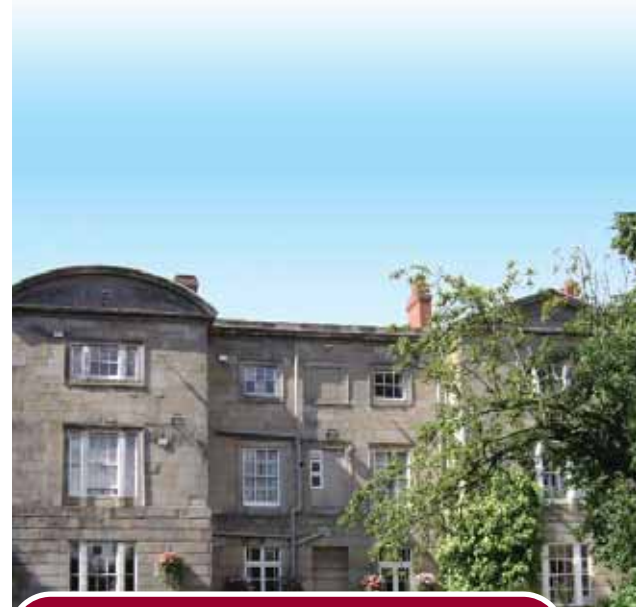
“extensive work from a tenant to remedy damage or disrepair.”

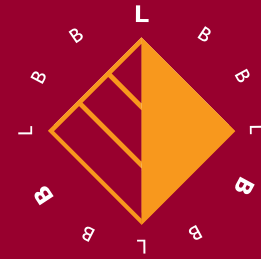


THE RICS WEB SITE SAYS...

It can come as a nasty shock towards the end of a lease when the Landlord requires extensive work to remedy damage or disrepair or to put the premises back in their original state if the Tenant has made internal alterations. If the Tenant does not carry out this work, he or she may be required to pay the cost of having it done.

As a Tenant you may be able to challenge the Landlord's list of required repair work, referred to as a Schedule of Dilapidations. But to be in a strong position to mount a challenge you need to consider the dilapidations question as soon as possible, with the help of your Chartered Surveyor.





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Questions...



What are dilapidations?

The term is normally used to cover defects or disrepair which the Tenant will be required to deal with or pay to have remedied when the premises are vacated.

When considering taking a commercial lease of a property or part of a property it is essential to consider the potential dilapidation liability that may arise during the course of occupation.

A dilapidation claim can substantially affect occupation costs even for long leases.

It makes sense to go into any lease with the benefit of professional advice in respect of the potential liabilities that may arise during occupation.

THE RICS WEB SITE SAYS

When do I need to start thinking about dilapidations?

Before you take a lease. A survey will establish the condition of the premises, giving an indication of the work that may be needed, both immediately and later.

If the premises are already in bad repair, special considerations may apply (see right).

During the term of the lease, regular or planned maintenance can avoid greater expense later.

What if the premises are in a poor state at the outset?

Most commercial leases require the Tenant to put and keep the property in repair.

Unless you and the Landlord specifically agree otherwise, the fact that the premises were in a poor condition when you took them on is normally irrelevant.

"YOU STILL HAVE TO PUT THEM RIGHT"

So negotiate for a lower premium or a lower rent to compensate for costs that you may face.

Alternatively, persuade the Landlord to agree that the premises be returned at the end of the lease in a condition similar to the state in which you took them.

After you have had the premises surveyed, make sure that their condition is established, recorded and attached to the lease as a "Schedule of Condition".

What if I already have a lease?

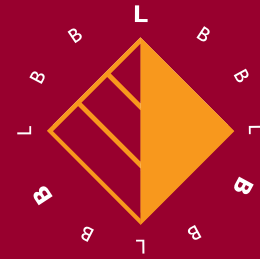
Consider your potential liability early.

It can be an expensive mistake to ignore dilapidations.

If you consider your potential liability early you may be able to make a provision for the cost of a claim, either building up savings or making a provision in your company accounts.

You may be able to carry out some of the work more economically than the Landlord, and carry out the work in a structured way – saving you money and inconvenience.

You may also enjoy some of the benefits of the work during the remaining term of the lease.



OUR DILAPIDATION APPRAISAL SERVICE

WHAT WE DO

- We review the lease, and other documentation, such as licenses or schedules provided to us
- We make a detailed inspection of the building
- We issue a clear and easy to follow report

We inspect the property and give an appraisal of the potential dilapidation liability that might arise upon vacation of the property.

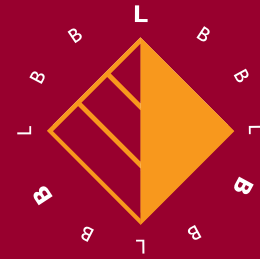
On a schedule we show the estimated costs we anticipate in connection with the various dilapidation works we would envisage being required by the Landlord under the terms of the lease and other documentation as we would expect them to be normally interpreted.

We show an indication of the level of costs we believe the Landlord is likely to claim together with our assessment of more reasoned and carefully considered costs, based on our inspection and the documentation we have been provided with. With this information you can make informed decisions about the property and make sensible provisions for a potential dilapidation claim.



- We will inspect within 1 week (subject to access being made available)
- We normally issue the report within 7 working days after the inspection
- You can speak with the surveyor at any time throughout the entire process as often as you need to
- We will liaise with your solicitor regarding any queries they may have
- We carry Professional Indemnity Insurance of £5,000,000
- The survey is carried out by an experienced surveyor qualified to degree standard in Building Surveying.
- All reports are produced by a qualified Chartered Building Surveyor
- We are experts in dealing with dilapidations for both Landlords and Tenants.
- We regularly act for Landlords and Tenants in dilapidation matters representing them both in negotiation and if necessary in court.

This is a highly litigious area of work and we are up to date with current case law and procedures in respect of dilapidation matters.



RECENT EXAMPLES

EXAMPLES OF DILAPIDATION MATTERS WHICH WE HAVE ACTED ON RECENTLY INCLUDE:-

- A large hotel property on the edge of the City had been subject to a poorly conceived dilapidation claim on behalf of the Landlord of over £1.3m. Our successful rebuttal of the claim resulted in a valid claim of less than £150,000.
- On an industrial estate to the East of London we acted for a Tenant settling an initial claim from the Landlord of £100,000 at around £50,000.
- We were able to advise a potential lessee of a restaurant premises that the condition of the building and the proposed lease terms may have left them with a potential liability of some £200,000 at the end of their short lease.

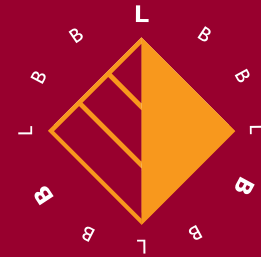
We successfully defended a dilapidations claim from an institutional Landlord of around £250,000 resulting in our client paying out £110,000

PLEASE REMEMBER

Dilapidation cases can turn on many specific issues and it is very difficult to predict in advance the final level any negotiation may result in. Within the figures we will give you we indicate our estimate of the level of claim that we might expect given the condition of the property and lease terms, and the sort of response we would expect a reasonable Tenant to make in the light of such a claim.

In reality somewhere between the two figures is normally likely to be the most probable outcome.

It must be remembered that in order to make a complete and detailed assessment of the value of works it would be necessary to consider the works in far more detail than this appraisal allows. This would normally comprise a further inspection of the building, testing of the services and the preparation of a detailed specification which could then be used in order to obtain accurate builders' estimates.



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What other services might you need?

We have a range of information sheets on a variety of our services including:

- **Building Reinstatement Valuations**
- **Building Repairs & Maintenance**
- **Building Surveys**
- **Leasehold Enfranchisement**
- **Valuations**
- **Property Disputes**

Please do not hesitate to contact us on any property related matters.



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