



**Property
Consultancy**

Schedules of Condition – starting off on the right foot

What is a Schedule of Condition?

A Schedule of Condition is a factual and unbiased record of the condition of the Premises (typically prepared at Lease Commencement). The schedule should be prepared by an independent building expert (typically a Chartered Building Surveyor) who is trained in the identification of building defects and the use of appropriate building terminology.

The Royal Institution of Chartered Surveyors (RICS) prepares Guidance Notes for the preparation of Schedules of Condition and recommends the following should be contained within the document:

- Comprehensive photographs of all areas in a logical sequence (including roof if industrial).
- Include floor and partition layout plans where possible / available.
- Include Building Services information where possible (e.g. performance reports, commissioning data, certification, plans, etc).
- Description of each element and ascribe a condition rating.
- Identification of fixtures and fittings ownership (e.g. Lessee / Lessor)
- Terms used within the document should be defined (e.g. Good, Fair, Poor).
- Declaration page for Lease parties to acknowledge accuracy of document.

Important points:

- Leases should make specific reference to a Schedule of Condition where one is produced to legally bind the Lease and Schedule of Condition together.
- The process should not have any impact upon the Lease deal as it is a transparent document contributed to and signed off by both parties promoting positive relationships.
- Costs can often be split between the Lessee and Lessor

Why prepare a Schedule of Condition?

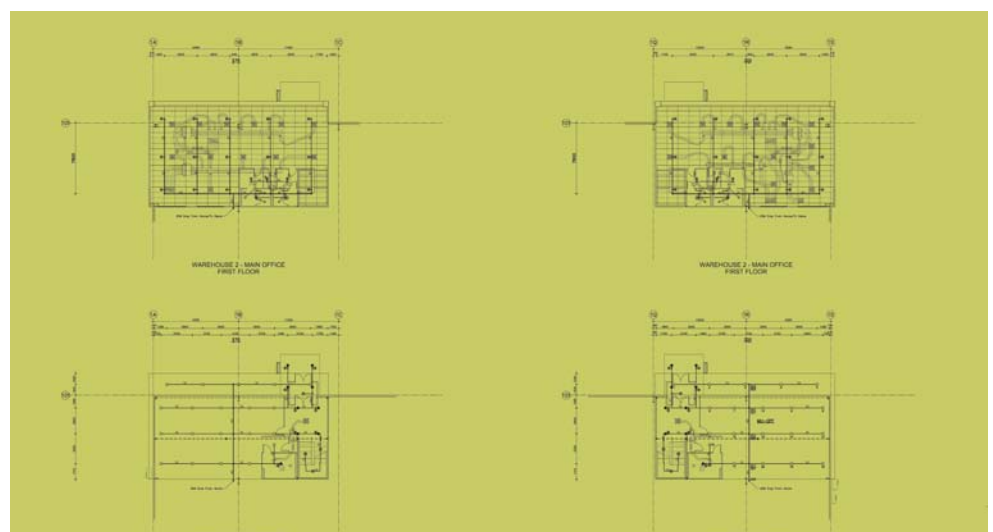
Having a Schedule of Condition prepared at Lease Commencement will allow:

1. Limited outlay at Lease Commencement can save thousands of dollars upon Lease expiry in avoiding costly protracted disputes.
2. Any changes during the Term to be identified.
3. Any disrepair caused during the Term to be identified.
4. Any disrepair at Lease Commencement to be discounted at Lease expiry.
5. Less likelihood of disputes as to what condition the Premises were in at Lease Commencement.

Should you wish to talk to SGA Property Consultancy about Schedules of Condition or any of our other services please contact any of our offices.



Detail from a typical schematic plan, included as part of a Schedule of Condition.



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