

PROPERTY REPORT AND NEGOTIATION DOCUMENT

XXX

XXX

XXX

XXX

Clevedon,
Somerset. BS21 XXX



Aerial view - 360 photo

FOR

Ms X

c/o X

Prepared by:

XXXXXX

INDEPENDENT CHARTERED SURVEYORS

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INTRODUCTION

We have been instructed to inspect and prepare a Property Report and Schedule of Condition for:

XXXX
XXXX
XXXX
XXXX
Clevedon,
Somerset
BS21 XXX

We inspected the property on XXXX

The Property Report gives you advice on what we consider are the key property issues. The Schedule of Condition relates to the lease you are considering and helps protect you against future liabilities from dilapidations claims if legally appended to the lease.

Dilapidations defined:

Dilapidations is a legal claim against you regard to the covenants within your lease which you have not kept to the standard required by the lease. The covenants typically divide into Repair, Redecoration, Reinstatement and Statutory Regulations. Your Legal Advisor should fully inform you about Dilapidations claims.

Full Repairing and Insuring Lease

We understand that the property is being let on a standard Full Repairing and Insuring Lease (known as a FRI lease) for three years, which relates to the internal of the property only.

We are advised the exterior of the property is being dealt with and maintained by the Landlord with contributions via a service charge. As we understand it there is also a separate agreement with regard to parking allocation.

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Would you kindly ask your solicitor to advise us of any unusual or onerous clauses before you legally commit to purchase the lease to enable us to comment further upon them; if so required.

Everything is negotiable

Remember with a new lease everything can be negotiated. Our golden rule is always to negotiate slowly and carefully as what is agreed at the start of the lease is generally what any future negotiations are based upon so it is so important to get it right at the start.

Existing dilapidations liability

From what we could see of the interior of the building condition it would appear that the previous leaseholders' would have a dilapidations liability in relation to this building. We assume for the purpose of the Schedule of Condition that the building will be let as seen, we do wish to state that the property is not currently to a Full Repairing and Insuring Lease standard and that you are taking on the property below FRI standards.

Your Schedule of Condition

The Schedule of Condition that we've forwarded to you is often part of a negotiations process and it may be queried/challenged by the leaseholder and/or the freeholder/landlord and their agents and representatives. We are more than happy to work with you during this negotiation process and we consider this a normal part of the process.

Terms and Conditions

This work has been carried out as per our standard Terms and Conditions of Contract, which have been emailed to you as part of the confirmation of our instructions. If you would like further clarification please do not hesitate to contact us.

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SYNOPSIS

SITUATION AND DESCRIPTION

The property as a whole consists of a large two-storey office block with leased areas based within the ground floor on the left side of the building (all directions given as you face the property from the front).

We have not inspected the remainder of the property.

The property is relatively modern from the past thirty or so years.

A more modern property would have better thermal efficiency standards as these are being constantly improved and we are aware that some larger companies have Green policies that would mean that they are not able to lease a building of this age.

ACTION REQUIRED: Your legal adviser needs to check and confirm all of the above.

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REPORT FORMAT

To help you understand our Report we utilise various techniques and different styles and types of text, these are as follows:

GENERAL/HISTORICAL INFORMATION

This has been given in the survey where it is considered it will aid understanding of the issues, or be of interest. This is shown in "italics" for clarity.

TECHNICAL TERMS DEFINED

Throughout the Report, we have endeavoured to define any technical terms used. This is shown in "Courier New" typeface for clarity.

A PICTURE IS WORTH A THOUSAND WORDS



We utilise photographs and sketches to illustrate issues or features. In some photographs a pencil, pen, circle or arrow has been used to highlight a specific area. The sketches are not 100% technically accurate; we certainly would not expect you to carry out work based upon the sketches alone.

ORIENTATION

Any reference to left or right is taken from the front of the property, including observations to the rear, which you may not be able to physically see from the front of the property.

ACTION REQUIRED AND RECOMMENDATIONS

We have used the term **ACTION REQUIRED** where we believe that there are items that you should carry out action upon or negotiate upon prior to purchasing the lease.

Where a problem is identified, we will do our best to offer a solution. However, with most building issues, there are usually many ways to resolve them dependent upon cost, time available and the length of time you wish the repair/replacement to last.

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SUMMARY OF CONSTRUCTION

(Based on an inspection of the front and left side of the property only)

External

Main Roof:	Shallow pitched, with manmade slates
Roof Structure:	Not viewed
Gutters and Downpipes:	Metal
Soil and Vent Pipe:	Internal (assumed)
Structural Frame:	Structural metal frame (assumed)
Walls:	Stretcher Bond brickwork (assumed)
Fascias and Soffits:	Plastic
External Detailing:	Double glazed pre-finished metal windows and doors

Internal

Ground Floor only

Ceilings:	Suspended tile system, exposed grid (assumed)
Walls:	Partitions with a central solid core (assumed)
Floors: Ground Floor:	Concrete (assumed)
First Floor:	Not inspected not forming part of lease
Stairs:	Not inspected

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Services

We believe that the property has a mains water supply, drainage, electricity and gas. We have not turned any services on or tested the services.

Heating:	Comfort cooling
Electrics:	Assumed separately metered
Gas:	Assumed separately metered
Lift:	Not inspected
Drainage:	Not inspected

We have used the term 'assumed' as we have not opened up the structure.

ACTION REQUIRED: Your Legal Advisor should check all the above and advise us of any further information they require before legal commitment to purchase the lease.

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EXTERNAL PHOTOGRAPHS

Photographic Record



Front view
Aerial view – 360 photo



Left view
Aerial view – 360 photo



Entrance canopy area



Entrance area

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EXECUTIVE SUMMARY

Summaries are not ideal as they try to précis often quite complex subjects into a few paragraphs. This is particularly so in a summary about someone's future business when we are trying to second-guess what your priorities are, so it is important the Report is read in full.

It is inevitable with a report on a building of this nature that some of the issues we have focussed in on you may dismiss as irrelevant and some of the areas that we have decided are part of the 'character' of this property you may think are very important. We have taken in the region of 250 photographs during the course of this survey and many pages of notes, so if an issue has not been discussed that you are interested in or concerned about, please phone and talk to us before you purchase the lease (or indeed commit to purchasing the lease), as we will more than likely have noted it and be able to comment upon it. If we have not we will happily go back. Having said all of that, here are our comments:

There are many critical areas to a Lease we would specifically look at:-

1.0) Only one opportunity to negotiate

We would remind you that you only have one chance to negotiate the rent price correctly at the start of the lease. The rent agreed at the start of the lease will affect all future rent reviews so ensure you are paying the market rent/the lowest rent possible and be aware that rent free periods, stepped rents, etc do not lower the rent value. You also need to ensure that the Schedule of Condition is appended to the Lease to minimise future repair liability.

2.0) Schedule of Condition recommended

We have provided you with a Schedule of Condition, which will enable you to agree with the Landlord the condition of the property when you start to lease it and should be signed and appended to the lease.

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The Summary

The Summary is divided into the good, bad and the ugly or as we have titled the sections here plus points, medium priority and high priority. This is to enable you to get a better understanding of the potential and issues with the property.

Plus Points

Survey reports often are full of only the faults and general 'doom and gloom', so we thought we would start with some positive comments on the property!

To summarise these into plus points:

- 1.0) The property has vacant possession.
- 2.0) The property is close to your existing location.

We are sure you can think of other things to add to this list.

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Medium Priority

Problems / issues raised in the 'medium priority' section are usually solvable, but often need negotiation upon. However, a large number of them may sometimes put us off the property.

1.0) General condition not to FRI Lease standards

We would advise that the property is not to typical Full Repairing and Insuring lease standards as inspected at the time of our survey which means there is work to be carried out by the existing leaseholder and/or the landlord.

We would add that typically a Full Repairing and Insuring lease requires full repair and redecoration when the lease comes to an end one month before know as yielding up or giving the property back. Repairs and redecoration have clearly not taken place recently and we believe that these have not taken place regularly during the course of the Lease and are typical clauses in a Full Repairing and Insuring Lease.

We have detailed items within the Schedule of Condition which we do not believe are to the standard set within the covenants (terms and conditions of the lease) as the property stands. We also add that we do not believe that cyclical redecoration has been carried out externally or internally during the course of the present Lease.

Covenant Defined:

The laws and rules within a Lease that, are actionable via the legal system.

ACTION REQUIRED: We would not take on this Lease without a Schedule of Condition being legally appended to the Lease and the condition of the property being agreed and understood with the Landlord and their Legal Advisors.

In this case we would be looking for a reduction in the Lease value and Lease rent and as mentioned we would not consider taking on the Lease without a Schedule of Condition legally appended to the Lease.

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2.0) Previous Occupiers

The previous occupiers have clearly not left the building to the typical standard of a full repairing and insuring lease; as set out within our Schedule of Condition.

3.0) Landlord's/previous occupiers stored items

There are some, what we would term, stored items and old fixtures and fittings within the property that would appear to belong to the Landlord or previous occupiers that need to be removed from the property or be agreed that you can use them without any cost in relation to their condition when you leave the property.

4.0) Inherent Defects

Inherent defects are defects that are inherent within often the design and build of the property. This building can have some inherent defects.

From what we could see, you may suffer from a few inherent defects such as:-

4.1) Plastic and copper piping leaks

Plastic and copper piping leaks problems causing problems currently within the Ladies toilets area.



Copper and plastic piping leaking



Copper and plastic piping leaking

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4.2) Facilities above you

As you are aware there is a kitchen directly above you as well as toilets, which may lead to water spillage and dampness coming through.



Staining to ceiling in right office

4.3) Comfort cooling system leaks

We have also, in the past, come across problems with this type of comfort cooling systems causing leaks. We could see that there is some staining to tiles, this may also relate to dampness coming in via gaps around windows.

5.0) Impact of External Problems on Internal finishes

You do need to be aware that there may be external problems to the property that affect you internally.

For example:

Window failure, which where seals to the windows that have not been repaired allow wind driven rain or similar into the property which can then be transferred causing dampness damage to internal fixtures and fittings.

ACTION REQUIRED: You should seek clarification of who will carry out such repairs before you sign the lease.

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6.0) Services

We assume that all services will be separated from the other lessees of the property or an agreement will come into place with regard to how they are used and who maintains them.

ACTION REQUIRED: Your legal advisor to check and confirm.

7.0) Certificates required to be obtained from landlord/outgoing lessee

Typically when leases come to an end you will be required to provide the following Test certificates, these should be obtained from the landlord or the previous lessee and concessions made if they are not available and an agreement as to whether you need to have them in the future:-

1. Electrics – An Institution of Engineering and Technology (IET) test and report to be carried out by an NICEIC registered and approved electrical contractor or equivalent.
2. Space heating inspection and test report (you need to see these in working order)
3. Asbestos - up to date asbestos report with samples.
4. Drainage – closed circuit TV camera report.
5. Fire Safety/Fire Alarms/Emergency Lighting - we recommend you have a Fire Specialist to review the building prior to legally committing to purchase.
6. Lighting - The lighting needs to be checked to ensure it is suitable for the purposes for which you wish to use it.
7. Lift report.

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8. Any proposed planned maintenance that the landlord will be carrying out before the Full Repairing and Insuring lease takes place on the basis of the property condition and Schedule of Condition.

Tests and reports are standard requirements of a Full Repairing and Insuring lease as is redecoration before the end of the lease. We have not been instructed to carry out independent separate services tests.

8.0) Use and abuse

8.1) Marks to walls

We noted that there was an above average wear and marking to the walls and as such the property would benefit from immediate redecoration.

8.2) Damage to ceiling tiles

We believe that there is an above average level of damage to ceiling tiles particularly in the toilet block.

9.0) Thermal efficiency – characteristics of this building

This age, type and style of property generally has a poorer level of thermal efficiency than a new property. In years gone by we did not consider energy bills and heating costs in the same way as we do today.

Although this property is relatively new we would advise that in the not too distant future there is likely to be government legislation with regard to what you can and cannot rent and the thermal efficiency required to properties such as this. We feel that these properties may have to be upgraded to make them rentable in the future.

ACTION REQUIRED: Agreement that the property is taken on with a Schedule of Condition.

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High Priority

We normally put here things that we feel will be difficult to resolve and will need serious consideration.

There is nothing, which we feels falls within this category.

SUMMARY UPON REFLECTION

The Summary Upon Reflection is a second summary so to speak, which is carried out when we are writing the second or third draft a few days after the initial survey when we have had time to reflect upon our thoughts on the property. We would add the following in this instance:

Liability the minute you step into the property

As it stands with the property in this condition we believe that you will have a liability the minute you step into the property to carry out redecoration works etc if the Landlord so requires.

Limited liability

Your future liability needs to be limited by the Terms and Conditions of your Full Repairing and Insuring Lease. You need to ensure that the Schedule of Condition is appended legally to the lease document to offer you best protection.

We would also recommend that such terms as “to put and keep” are avoided within the Lease; this should be part of your legal advisors remit. If you do wish to discuss this further or require further clarification please do not hesitate to contact us.

We would ask that you read this Property Report and the Schedule of Condition and contact us on any issues that you require further clarification on.

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REPORT INFORMATION

EVERY BUSINESS TRANSACTION HAS A RISK

Every business transaction has a risk, only you can assess whether that risk is acceptable to you and your circumstances.

SOLICITOR/LEGAL ADVISOR

To carry out your legal work you can use a solicitor or a legal advisor. We have used both terms within the report.

TERMS OF ENGAGEMENT/LIMITATIONS

This report is being carried out under our terms of engagement, as agreed to and signed by you. If you have not seen and signed a copy of our terms of engagement please phone immediately.

OUR AIM IS ONE HUNDRED PERCENT SATISFACTION

Our aim is for you to be completely happy with the service we provide, and we will try and help you in whatever way possible - just phone us.

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If you would like any further advice on any of the issues discussed (or indeed any that have not been discussed!) then please do not hesitate to contact us on **0800 298 5424**.

For and on Behalf of
XXXX Limited
Independent Chartered Surveyors
XXXXX

This Report is dated: XXXX

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APPENDICES

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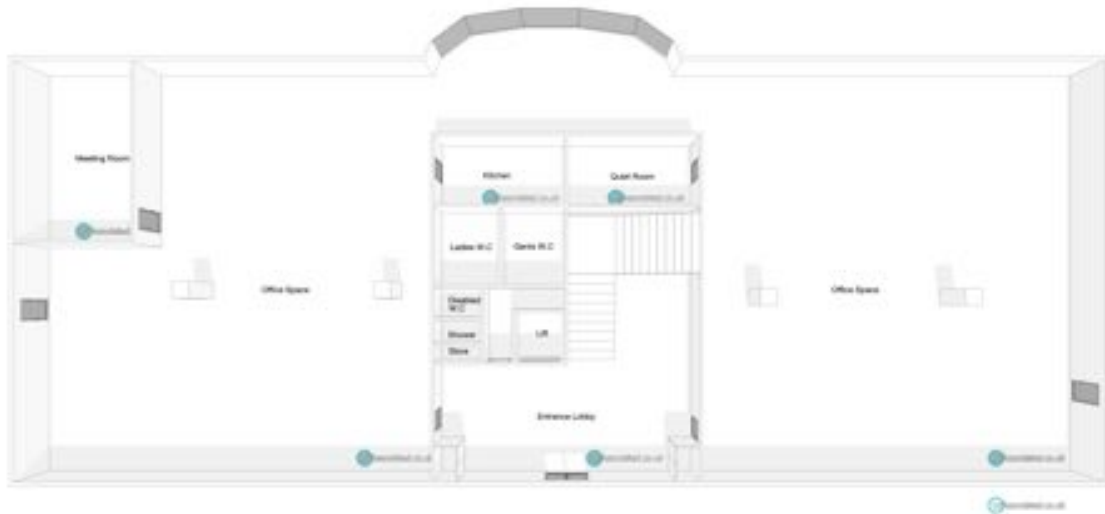
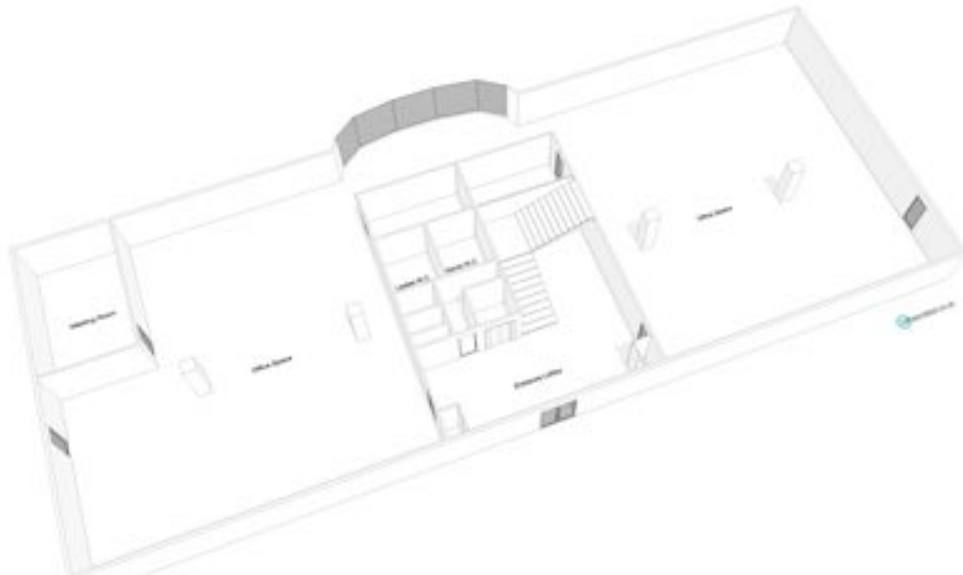
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Floor Plan and 3D models



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FACILITIES

(All directions given as you face the property from the front)

We have included a list of the facilities that we have viewed. The following gives a general overview of the property.

- 1.0) Front entrance lobby
- 2.0) Left side open plan office
- 3.0) Right side open plan office
- 4.0) Left internal office
- 5.0) Right internal office
- 6.0) Central toilet block with:-
Store room, shower room, disabled/less able toilet,
Gents toilets and Ladies toilets
- 7.0) Rear link corridor
- 8.0) Rear meeting rooms
- 9.0) Lift

Boundaries

- 1.0) Front: Car Park
- 2.0) Left: Car Park and Fence
- 3.0) Right: A continuation of the property
- 4.0) Rear: Not inspected

Note, we have not seen a copy of the Deeds and assume the boundary is to be as visually set out above.

Your Legal Advisor to check and confirm boundaries and your legal rights with regard to access, parking and permitted hours of work.

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TIME LINE

This has been based upon email from XXXX

DATE	DESCRIPTION
XXXX	It was confirmed by XXXX, that the two cupboards either side of the door and stairs do not form part of the Lease.

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LIMITATIONS

CONDITIONS OF ENGAGEMENT

The report has been prepared in accordance with our Conditions of Engagement dated XXX and should be regarded as a comment on the overall condition of the property and the quality of its structure and not as an inventory of every single defect. It relates to those parts of the property that were reasonably and safely accessible at the time of the inspection, but you should be aware that defects can subsequently develop particularly if you do not follow the recommendations.

ENGLISH LAW

We would remind you that this report should not be published or reproduced in any way without the surveyor's expressed permission and is governed by English Law and any dispute arising there from shall be adjudicated upon only by the English Courts.

SOLE USE

This report is for the sole use of the named Client and is confidential to the Client and his professional advisors. Any other persons rely on the Report at their own risk.

ONLY HUMAN!

Although we are pointing out the obvious, our Surveyors obviously can't see through walls, floors, heavy furniture, fixed kitchen units etc. they have therefore made their best assumptions in these areas.

As this is a one off inspection, we cannot guarantee that there are no other defects than those mentioned in the report and also that defects can subsequently develop.

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WEATHER

It was a dry summer's day at the time of the inspection. The weather did not hamper the survey.

NOT LOCAL

It should be noted that we are not local surveyors to this area and are carrying out the work without the benefits of local knowledge on such things as soil conditions, aeroplane flight paths, and common defects in materials used in the area etc.

EMPTY PROPERTY

The property was empty at the time of our survey, we were therefore not able to carry out our usual question and answer session or have our questionnaire filled out.

INSPECTION LIMITED

Unfortunately in this instance our inspection has been very limited due to:-

- 1) We have had a limited view of the roof from ground level, we are advised that it does not form part of the Full Repairing and Insuring Lease.
- 2) We have not had the benefit of opening up the walls, as we do not feel we can do this without damaging the property.
- 3) We have not had the benefit of opening up the floors or taking core samples, as we do not feel we could do this without damaging the property.
- 4) We have not had the benefit of meeting the landlord/landlord's representative or the previous tenant.
- 5) The property was unoccupied.
- 6) We have not turned any services on or inspected the services.

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BUILDING INSURANCE

We do not advise with regard to building insurance. You need to make your own enquiries. Some areas may have a premium, some buildings may have a premium and some insurers may be unwilling to insure at all in certain areas. You need to make your own enquires prior to committing to purchase the property. Please be aware the fact a building is currently insured does not mean it can be re insured.

We would comment that non-insurability of a building we feel will affect lease value.

ACTION REQUIRED: You need to ensure that the leaseholders have adequate insurance.

TERMS AND CONDITIONS

Our computer system sends two copies of our Terms and Conditions to the email address given to us when booking the survey; one has the terms attached and the other has links to the Terms and Conditions on our website (for a limited time). If you have not received these please phone your contact immediately.

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