



fourth wall



TRADITIONAL BUILDING CONSULTANCY REIMAGINED

LANDLORD & TENANTS GUIDE TO

SCHEDULE OF CONDITION

Avoid six-figure dilapidations exposure with a properly prepared and negotiated Schedule of Condition

Protecting your position before the lease even starts

COMMERCIAL CONSULTANCY

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Where lease risk is really created.



A commercial lease governs the use and occupation of a building in numerous ways. But it doesn't just set the rent and right of access. There are numerous and often complex liabilities, many which

For both landlords and tenants, the repairing covenant is an overlooked area where that risk is established.

For tenants

Most leases, particularly Full Repairing and Insuring (FRI), will require you to:

- Keep the property in repair throughout the term;
- Put elements into repair, even where defects already exist; and
- Return the property in compliance with lease obligations at expiry.

Without a clear and robust record of condition at lease commencement, you can assume liability for defects that were present before you took occupation.

For landlords

An inadequate or poorly prepared Schedule of Condition can:

- Limit your ability to recover legitimate costs at lease end
- Create ambiguity in enforcing lease covenants
- Weaken your position in dilapidations negotiations

If the document isn't properly aligned with the lease, it may not provide the protection you expect.



The Inevitable Outcome

At lease end, these issues or lack of any schedule at all, translate into dilapidations claims and disputes.

We regularly see situations where the starting condition is disputed, evidence is insufficient or unreliable, and liability becomes a matter of negotiation rather than fact

In many cases, this risk could have been managed at the outset.

The role of a Schedule of Condition

A Schedule of Condition is not simply a record of a building.

It is a tool used to define, allocate and manage risk within a lease.

Prepared properly, it provides clarity and certainty.

Prepared poorly or not at all it creates avoidable exposure.

When happens when this risk isn't addressed

Most lease risk doesn't become apparent until the end of the term when positions are fixed, and costs are realised.

By that point, the opportunity to manage exposure has passed.

A £497,000 dilapidations claim: and how it could have been avoided

Most lease risk only becomes visible at the end of the term when positions are tested and costs are realised. By that stage, the ability to influence the outcome is limited.

The scenario

A modern industrial unit was let on a 20-year Full Repairing and Insuring lease, without a Schedule of Condition being prepared or annexed. At lease commencement:

- Roof coverings were approaching the end of their serviceable life
- Rainwater goods showed localised defects
- External cladding exhibited early deterioration

No formal record of condition was agreed between the parties.

At lease end

The landlord served a Schedule of Dilapidations totalling £400,000. The claim briefly included: roof replacement; renewal of rainwater goods; and external and internal repairs and redecoration.

The Landlords Position

- No agreed baseline condition;
- Lease required the property to be "kept in repair"; and
- Claim based on reinstating the property to compliant condition.

The absence of a Schedule of Condition created scope to pursue a full claim.

The Tenant's Position

- No evidence of condition at lease commencement
- Limited ability to demonstrate pre-existing defects
- Position weakened from the outset

The starting point for negotiation was the landlord's claim not an agreed baseline

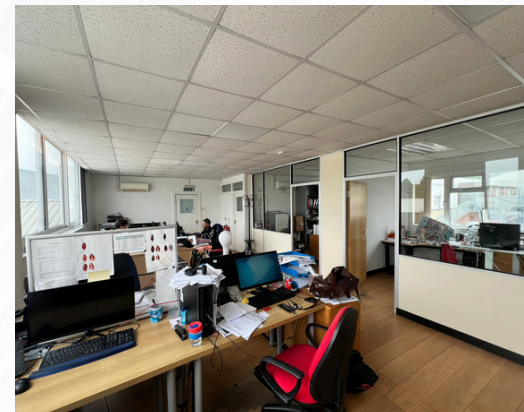
Our involvement

We were instructed after the claim had been issued. Through detailed analysis and negotiation, the claim was reduced to: £100,000.

The key point

This was not just a lease end issue. It was a lease commencement issue.

With a properly prepared and annexed Schedule of Condition the landlord's claim would have been more clearly defined, the tenant's liability would have been limited to actual deterioration and the scope for dispute would have been significantly reduced.



More than a record: a schedule defines the lease position

A Schedule of Condition is often described as a photographic record of a property.

In practice, it plays a far more important role.

It establishes the baseline condition against which repairing obligations, liability and performance are measured for the duration of the lease.

What a Schedule should actually do

When properly prepared and aligned with the lease, a Schedule of Condition:

- **Defines the starting point**

Clearly records the condition of the property at lease commencement

- **Limits repairing liability**

Ensures obligations relate to the recorded condition not an assumed standard

- **Provides evidence in dispute**

Forms part of the contractual documentation relied upon at lease end

- **Supports dilapidations strategy**

Used to assess, challenge or substantiate claims

- **Creates clarity between parties**

Reduces ambiguity in how lease covenants are interpreted

For Tenants

- Reduces liability for pre-existing defects
- Provides a clear basis to challenge dilapidations claims
- Supports a fair and defensible lease position

For landlords

- Clearly defines the extent of the property and its condition at letting
- Reduces ambiguity when enforcing repairing covenants
- Strengthens the evidential basis of a dilapidations claim

The critical point

A Schedule of Condition is only effective if it is prepared with sufficient detail and accuracy, is properly referenced and annexed within the lease, and it is aligned with the repairing obligations.

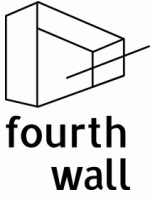
Without this, its value can be significantly reduced.

Our view

A Schedule of Condition should not be treated as a standalone report.

It should be considered part of a wider lease and asset risk strategy informing both parties' positions from the outset through to lease expiry.





A Schedule of Condition is only as good as the thinking behind it

Many Schedules of Condition are produced as basic photographic records. They document a building but they don't always protect a position.

Our approach is different.

We prepare Schedules of Condition with a clear understanding of how they are relied upon in lease interpretation, negotiation and dilapidations claims.

How we approach it

1. Lease led from the outset

We review the key lease provisions to understand how risk is allocated, including repairing obligations, yielding up requirements, and reinstatement provisions. Wording relating to annexation and reliance.

This ensures the Schedule is aligned with the lease not produced in isolation.

2. Focused, risk-based inspection

We prioritise elements that are most likely to drive future liability and dispute roofs and drainage systems, external envelope and structure, areas of deterioration or historic defect, elements nearing the end of their serviceable life.

The focus is not volume of photographs it is relevance.

3. Clear, defensible recording

We produce high-quality, date-referenced photography; concise, accurate descriptions of condition; and logical structure aligned to building elements.

Reports are designed to be clear, usable and defensible in a dispute context.



4. Commercially aware advice

Where required, we advise on whether a Schedule of Condition is appropriate, how it should be referenced within the lease, and risks that may require further negotiation.

We support both landlords and tenants in understanding their position not just documenting it.

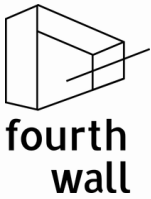
5. Integrated with wider strategy

Our experience in dilapidations, technical due diligence and asset management informs how we approach every instruction.

We understand how these documents are tested at lease end and prepare them accordingly.

Trusted by, and working alongside, forward thinking clients across the industry.





Not corporate. Not junior-led.

A director-led building consultancy delivering clear, accountable advice. Fourth Wall Building Consultancy is a director-led practice of Chartered Building Surveyors providing strategic, risk-focused advice on buildings where value, liability and long-term performance matter.

We Work with Clients Who Want

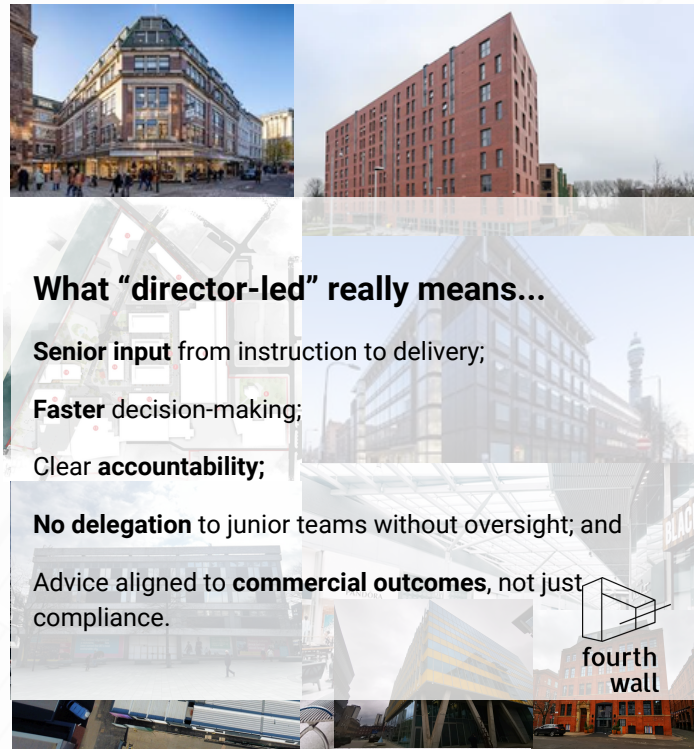
Directors working directly on every instruction.

UK-wide coverage.

Experience across £1bn+ asset portfolios.

Industrial | Office | Retail | Heritage

Accountable advice. Clear decisions. No corporate layers.



Our Core Services

Advisory, Risk & Lease Services

- Dilapidations & Lease Advice
- Licences for Tenant Alterations
- Schedules of Condition
- Portfolio & Asset Reviews
- Development Monitoring
- Heritage & Complex Building Advice

Surveys, Plans & Technical Services

- Technical Due Diligence & Surveys
- Condition & Defect Surveys
- Lease Plans (HMLR Compliant)
- Measured Surveys
- Reinstatement Cost Assessments
- Project & Contract Administration

Traditional Building Consultancy. Reimagined.

Fourth Wall was established to challenge the traditional building consultancy model.

We work differently to large, corporate practices. Every instruction is led by a director, giving our clients direct access to experienced Chartered Surveyors who understand not only the building, but the commercial drivers, risk profile and strategic objectives behind each decision.

This allows us to provide advice that is commercially grounded, proportionate and clear, without unnecessary layers or dilution.


Dilapidations & Lease Strategy
Protecting value and managing liability


Technical Due Diligence
De-risking acquisitions and investments


ESG & Sustainability Advisory
Aligning assets with MEES, net zero and long-term performance


Project & Development Advisory
From feasibility through to delivery



Want to see our work? Case Studies.



Central London Office - BRCA

Yellow Building, Shepherd's Bush

Client: Confidential. **Acting for** Landlord.

Building reinstatement cost assessment for 120,000 sq ft prime office building.

Reinstatement value: £80m



Mixed-use city centre asset

ABC Building, Manchester

Client: Allied London. **Acting for** Landlord.

Planned maintenance report, schedules of condition and terminal dilapidations advice and negotiation of claims across office, retail and hospitality uses.



Listed city centre asset

Coles Building, Sheffield

Client: Urban Splash. **Acting for** Landlord.

Prominent city centre asset, formerly occupied 500,000 sq. ft retail.

Condition survey and planned maintenance report to inform future asset strategy.



Shopping Centre - Terminal Schedule of Dilapidations

Unit B12, Liberty Shopping Centre

Client: Redical. **Acting for:** Landlord.

Preparation of terminal schedule of dilapidations with strategic advice to maximise recovery.

Outcome: Claim ongoing alongside continued strategic advice.



High street retail - Landlord Dilapidations

Church Street, Flint

Client: M&MP (London) Limited.

Acting for: Landlord.

Terminal dilapidations assessment and negotiation on high street retail unit.

Outcome: £40,000 settlement achieved.



City centre retail - Dilapidations

Bishop Street, Coventry

Client: Barberry. **Acting for** Landlord.

Terminal dilapidations assessment and negotiation at lease end.

Outcome: Negotiation ongoing.



Leeds Dock, Leeds

Client need: The landlord required a Schedule of Condition to clearly record the property's condition ahead of granting a new lease and to protect against future disputes.

Services: Schedule of Condition.

Outcome: Baseline condition documented to support lease agreement and minimise future dilapidations risk.



Foxbank Industrial Estate, Loughborough

Client need: An incoming tenant required clarity on the condition of the property prior to lease commitment, with protection against potential dilapidations liabilities.

Services: Schedule of Condition.

Outcome: Clear record of condition established, enabling the tenant to proceed with confidence

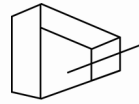
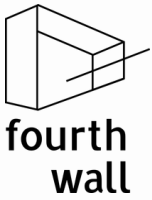


Holmewood Industrial Estate, Chesterfield

Client need: The tenant required early advice on condition and lease liabilities to understand risk exposure and support informed lease negotiations.

Services: Schedule of Condition, Pre-Lease Survey and Dilapidations Assessment.

Outcome: Condition risks identified early, supporting informed decision-making & reduced long-term liability.



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YOUR KEY CONTACTS



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