

## Corporate Property Services - The A-Z of effective Property Management

This is the 25<sup>th</sup> in a series of alphabetical property management tips and reminders aimed at Corporate Occupiers with operational and non-operational/surplus properties.

### Yield Up

Most modern commercial leases include a separate yield up covenant which in its basic form will serve as a simple reminder for the tenant to comply with the covenants expressed elsewhere in the lease prior to handing over the keys to the landlord. However, rarely is compliance a straightforward matter and failure will invariably lead to a Dilapidations Schedule being served by the landlord with associated costs. In the worst case scenario non compliance could render the tenant still in possession of the property and liable for on-going costs such as rent, rates and if applicable standing utility charges/service charge.

Indicated below, depending upon the specific wording in the lease, are some examples of the key areas to consider prior to "yielding up" the property to the landlord.

#### **Vacant Possession**

In its simplest form this merely involves formal handover of the keys of the property to the landlord. Potential problems arise where other interests are involved, particularly where the premises are sublet.

#### **Repair**

What is the standard of repair contemplated by the lease? Tenants are often surprised that the lease requires the property to be yielded up in a better state of repair than the start of the lease.

#### **Decoration**

More often than not the lease will stipulate that the property should be redecorated within a specific period prior to expiry of the lease, using materials and colours first approved by the landlord; so it is always best to check before proceeding with the decorations.

#### **Statutory Compliance**

Depending on the specific wording of the lease it is often necessary to hand over test certificates and reports to the landlord prior to lease expiry, for example providing confirmation that the electrical/gas installations have been left safe and that asbestos risks have been effectively managed.

#### **Reinstatement**

Rarely is the yield up clause specific in terms of the condition in which the premises should be left and this can lead to confusion, particularly where the yield up clause makes reference to such other words as chattels, fixtures, fittings and improvements. When seeking to clarify the scope of the reinstatement provisions, it is often necessary to consider other documents such as Licences for Alteration, Agreements for Lease, Schedules of Condition and Side Letters.

**Early advice in advance of lease expiry from our CPS and Building Surveying teams will help to clarify the steps to be taken prior to handover of the premises and to identify ways to reduce potential financial liabilities. For further details of our services please call 0870 777 6292 or contact one of our nationwide specialists directly, as below:**

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