



ASSET MANAGEMENT SERVICES

A summary of the services that we provide for Landlords under our Standard Terms of Engagement

HEADING	SUMMARY OF SERVICE
1. Setting Up	<ul style="list-style-type: none"> ▪ Input data to computer management system. ▪ Notify all relevant parties – VAT and FICO authorities, service suppliers, Fire Brigade etc.
2. Accounting	<ul style="list-style-type: none"> ▪ Demand and collect rents and all other sums due. ▪ Provide prompt quarterly rent accounts and VAT reports. ▪ Apportion and charge service charge and other costs. ▪ Service charge reconciliation within six months of year-end.
3. General Estate Management	<ul style="list-style-type: none"> ▪ Collection and pursuit of arrears. ▪ Identifying opportunities for asset improvement. ▪ Maintain property records. ▪ Foster Landlord & Tenant relations. ▪ Inspect the property at regular intervals.
4. Management of Services	<ul style="list-style-type: none"> ▪ Arrange all service and maintenance contracts. ▪ Ensure compliance by Owner with Property Statutes. ▪ Verify and pay suppliers' invoices. ▪ Review and re-tender contracts as necessary.
5. Professional	<ul style="list-style-type: none"> ▪ Monitor forthcoming dates under Lease terms, notify Client and advise on instruction of Solicitors re Notices.
6. Tenants' Alterations & Consents	<ul style="list-style-type: none"> ▪ Receive, consider and advise on all applications for consent received from the Tenants. ▪ Agree suitable conditions and instruct Solicitors to prepare a Licence, or issue consent by letter.
7. Insurance	<ul style="list-style-type: none"> ▪ Review current arrangements and extent of cover.
ADDITIONAL SERVICES WHICH CAN BE PROVIDED ON A SEPARATE FEE BASIS	
1. Professional	<ul style="list-style-type: none"> ▪ Handle Rent Reviews and Lease renewal negotiations, including full consultation with Client and Advisers.
2. Agency	<ul style="list-style-type: none"> ▪ Market and seek new Tenants if vacant space arises.
3. Valuation	<ul style="list-style-type: none"> ▪ Periodic rental or capital valuations as required.
4. Rating	<ul style="list-style-type: none"> ▪ Appealing against assessments and negotiating with the District Valuer.
5. Planning & Development	<ul style="list-style-type: none"> ▪ Advising on issues or opportunities to improve value as they may arise.
6. Works of Repair etc.	<ul style="list-style-type: none"> ▪ Organising contracts for larger repair contracts, including cyclical redecoration works every three to five years.
7. Dilapidations	<ul style="list-style-type: none"> ▪ At Lease expiry, agreeing repairs to be done by the Tenant, or a financial payment in lieu.
8. Insurance	<ul style="list-style-type: none"> ▪ Preparing assessments of reinstatement cost.



Ho2 Plc - TERMS OF ENGAGEMENT

Unless specifically instructed to the contrary, we undertake the following Management duties on behalf of Asset Management Clients.

1. The collection of rents and other sums specified under the terms of Leases and Tenancy Agreements. The payment of all outgoings which are the Landlord's responsibility and the keeping and rendering of quarterly accounts which record all such transactions. We shall require Rent Authority Letters where applicable. On all new instructions precise details must be provided with regard to all arrears, any outstanding/pending litigation or Statutory or Local Authority Notices.
2. Periodic inspections of the Landlord's properties to ensure compliance of Lease terms by Tenants and authorised occupiers.
3. Unless otherwise agreed, our fees are calculated upon the gross monies collected, including VAT and accounted for in the course of management on a commission basis. The rate of commission will be in accordance with the accompanying schedule.
4. All monies collected by us on behalf of our Clients are deposited in a separate client bank account and accounted for quarterly together with a statement detailing income and expenditure. Income is normally transferred to the Client within one month of the quarter end. Our client bank accounts are held in the name of Ho2 Plc - Client Accounts at Barclays Bank Plc, Pall Mall Corporate Banking Centre, PO Box 15163, London SW1A and Bank of Scotland, Pentland House, 8 Lochside Avenue, Edinburgh EH12 9DJ.
5. Unless otherwise agreed by us in writing, we retain any interest received on client balances held. Where Bank interest received is accounted for to the Client, the balance passed to the Client will be net of standard rate tax except where the Client provides evidence of their tax status and they are entitled to receive gross interest.
6. In the event of our instructions being terminated we request at least four weeks' notice in writing prior to any quarter day.
7. Ho2 Plc, being in receipt of the rents on behalf of the Clients, and having the management of the property under the terms hereof, are liable to Statutory Authorities in respect of Notices served in relation to the state of repair of the premises and in consideration of the agreement hereof are hereby indemnified by the Clients in respect of all works that they, as Agents, have to have carried out in order to comply with all relevant legislation.
8. We do not accept any liability for any failure to properly charge VAT in respect of any property unless we receive written notification from you prior to the date that VAT becomes chargeable that an election to tax a particular building has been made.

When taking over new instructions we would be grateful if you would confirm, in writing, the correct VAT status of the buildings in question.



9. Where a Client is a non-UK resident for tax purposes we do not accept responsibility for agreeing any tax liability with the Inland Revenue. We will forward any Notices of Assessment to the Client or their representatives within 14 days of receipt and it will be their responsibility to agree the eventual liability with the Inland Revenue.

We will withhold basic rate tax on all remittances made to non-UK resident Clients except where we have express authority to do otherwise. We will further withhold such monies as may be necessary from the rent account to enable us to settle any outstanding demands received from the Collector of Taxes.

Whilst we will not, in the normal course of events, settle any demands from the Collector of Taxes without previously consulting the Client, we reserve the right, in order to protect our own position, to settle any final demand from the Collector of Taxes from all or any monies held on behalf of a Client. (NB: if this results in an over-payment of tax this may be recovered directly from the Inland Revenue when the liability is finally agreed).

10. We do not undertake the following duties within the Asset Management fee quoted, but we are happy to provide a separate fee estimate for the following activities: -

Valuation of property for mortgage or sale purposes.

Fire Insurance assessments and the placing of cover.

Applications for the registration of fair rents, attendance at Rent Officer Consultations and appearances before the Rent Assessment Committee.

Preparation of plans and specifications and the supervision of improvements and major maintenance operations, including grant aid applications. Assessing and negotiating dilapidations' claims. Negotiations for obtaining vacant possession and re-housing.

11. Complaint Handling Procedure (CHP)

We have appointed Nicolas Fuselli (01442 250308 – nick@ho2.co.uk) to handle complaints. If you have a question or if you would like to make a complaint, please don't hesitate to contact him.

Separate fees apply for Asset Management related work i.e. rent reviews, lease renewals, re-letting of voids etc. Examples of our fee basis for this work are shown on the attached schedule.

The fees quoted are inclusive of normal disbursements, (i.e. photocopying, postage, travelling and subsistence) but we reserve the right to recover such items as couriers, photography, keys, plans and "To Let" boards, and the Client authorises us by virtue of this agreement to deduct our fees out of any funds held or collected on the Client's behalf.



Schedule of Asset Management and other Professional Services and related fee bases: -

Fee

1 General Asset Management

- | | | | |
|------|---|---|----------------------|
| i | General advice on matters relating to the property including meetings with the client, their bankers, solicitors and accountants as required. |) | |
| | |) | |
| | |) | |
| ii | Collecting rents, service charges and insurance premiums and if necessary liaising with solicitors to recover arrears. |) | |
| | |) | |
| | |) | |
| iii | Remitting monies to the client's bank accounts and advising the client of remittances made. |) | |
| | |) | |
| | |) | |
| iv | Discharging regular property outgoings payable by Landlord up to an agreed maximum sum. |) | |
| | |) | |
| | |) | |
| v | Preparing quarterly rental accounts. |) | 3% of the gross |
| | |) | commercial income |
| | |) | subject to a min |
| vi | Maintaining tenancy records, dealing with routine enquiries from tenants and others and giving instructions (where necessary) for notices of rent reviews and lease expiry to be served by the client's solicitors. |) | annual fee of £1,000 |
| | |) | |
| | |) | |
| vii | Supervision of tenants and visiting the property periodically to ensure compliance with the covenants of the leases. |) | |
| | |) | |
| | |) | |
| viii | Advising on leases and in regard to proposed assignments, sublettings and tenants' enquiries as to alterations and change of use, etc. |) | |
| | |) | |

2 Organising Landlord's Works to the Property

Arranging for the execution and supervision of: -

- | | | | |
|---|---|---|---------------|
| a | Routine repairs and maintenance (excluding structural or improvement works) and |) | |
| | |) | |
| b | Any services, including employment and supervision of security or caretaking staff and settling suppliers and contractors invoices. |) | 12.50% of the |
| | |) | expenditure |
| | |) | net of VAT |
| | |) | |
| c | Accounting for service charge expenditure annually, apportionment of same and recovery from tenants under their leases. |) | |
| | |) | |



3 Insurances

Where the client is responsible for placing insurance: -

- | | | | |
|----|--|----------------------------|---|
| a. | Reviewing and checking as necessary the arrangements for insurance cover, liaising with the insurers, settling and revising as appropriate the wording of policies, collecting insurance premiums from the Tenants and paying such premiums to the Insurers. |)
)
)
)
)
) | No separate fee except for reinstatement valuations |
|----|--|----------------------------|---|

or where Tenants or Superior Landlords are responsible for placing insurance: -

- | | | | |
|-----------|--|------------------|-----------------------------|
| b. | Assessing, reviewing and checking as necessary to protect the clients, the insurance cover placed by Third Parties and writing as appropriate with requirements as to sums insured, etc. |)
)
)
) | Separate Fee by arrangement |
| <u>NB</u> | Our duties do <u>not</u> include the re-assessment of Buildings for Fire Insurance cover but we can employ a Consultant Building Surveyor, at a separate cost, to undertake such work. |)
)
)
) | Separate Fee by arrangement |

4 Lettings and Rent Reviews, etc

- | | | | |
|---|--|------------------|--|
| a | Letting of vacant premises at rack rents in the open market. |)
)
)
) | 10% of the average annual rent achieved |
| b | Re-letting of premises to sitting tenants. |)
)
)
) | 7.5% of the average annual rent achieved |
| c | Rent reviews. |)
)
)
) | 5% of the average annual rent achieved |

5 Purchases

- | | | |
|---|---------------------------------|--|
| (including the renegotiation of long leasehold interests and the buying in of tenants' interests) |)
)
)
)
)
)
) | 1.5% of the consideration and if appropriate 10% of the new ground rent reserved |
|---|---------------------------------|--|

6 Sales

- | | |
|---|---------------------|
|) | 1% of consideration |
|---|---------------------|



7 Dilapidations

Preparing Schedules of Dilapidations and Wants of Repair and correspondence in connection therewith.) Time cost fee
) by arrangement

8 Other Work

Formal valuations, planning, building or other work) A fee by
not covered above.) arrangement

Notes

- a Fees for approval and superintendence of Tenants' works, for consent to change of use or other alterations to lease covenants which are payable by Tenants will be charged to them either on a time cost basis or in accordance with our usual scales as appropriate.
- b The above fees are inclusive of photocopying, postage, travelling and subsistence but exclusive of VAT. Advertising and/or marketing costs in connection with re-letting vacant accommodation would normally be an additional cost.
- c Rent review arbitrations or Court appearances in connection with lease renewals would be charged on a time cost basis in addition to the fees mentioned above.

Ho2 Plc
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I accept the above terms and conditions and hereby appoint Ho2 Plc to act as my UK Managing Agent.

Signed

Name (in block capitals)



Date