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Myerson **Commercial Property**

Our Guide to the Disposal of Commercial Property

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Welcome

Why Myerson?

At Myerson, we are commercial property experts. Putting our clients, their properties and their business at the heart of everything we do means we establish long term relationships and act as trusted advisers.

As a Top 200 UK Law Firm, we are also proud to be ranked in many legal disciplines as '**Top Tier**' in the prestigious international directory **The Legal 500**, providing a truly bespoke and personal service.

Our specialist Commercial Property team handle the full range of property-related assignments. We have particular experience in sales and purchases of real estate for business owners and investors, landlord and tenant work and commercial property development.

Our Commercial Property solicitors are part of one of the largest commercial property teams in the North West, and have the knowledge and experience to advise and assist on a wide variety of commercial property matters.



Disposal of Commercial Property

Preparing to sell

Before you market the property, or shortly after agreeing to a sale, we recommend that you should prepare any documentation that you have relating to the property. This documentation will be needed as part of the sale process.

The types of documents that may be relevant will include:

- Any legal documents that are in your possession such as original and copy deeds and leases;
- Copies of any planning permissions and lawful use certificates;
- Details of the business rates that you pay on the property and the amount of any other outgoings;
- An Energy Performance Certificate;
- An asbestos report;
- All health and safety risk assessments for the property;
- A fire risk assessment;
- Copies of any leases that you have entered into with any tenants that occupy the property;
- Contact details for your bank if there is a mortgage on the property.



How should I market my property?

You can market your property with any agent that you choose.

We would recommend that you employ a reputable commercial agent who is a member of an accredited body such as the Royal Institute of Chartered Surveyors (RICS).

All reputable commercial agents will normally provide you with a detailed valuation before marketing your property. The agent should provide you with their terms of business, and you should check that you are happy with them and agree on the fee that you will pay.

Alternatively, you can negotiate the terms of a sale directly with a buyer and we would recommend that you document the principal terms that are agreed between the parties in writing.

What should be covered in the heads of terms?

The document that evidences the agreed terms is known as the “Heads of Terms”. These are usually stated to be “subject to contract” and this document is not legally binding, but it is used for the purpose of drafting the legal documents and should be as accurate and complete as possible.

The Heads of Terms should include details of:

- The price (including whether VAT is payable);
- The extent of the land to be sold ideally by reference to a plan of the property and any land that you are retaining;
- Any rights that you need to retain over the property, in order to enjoy any land retained;
- The proposed timescales for exchange of contracts and completion;
- The details of the parties solicitors;
- Any other specific conditions that have been agreed in relation to the sale.



What is the process when selling a commercial property?

Once the Heads of Terms have been agreed, you will need to send these to us. We will then prepare the contract and other documents to be included in the legal pack.

The legal pack will normally include replies to standard enquiries called CPSEs. We are used to helping our clients complete these and we can take you through them. The legal pack will then be sent to the buyer's solicitor and they may raise further enquiries about the property. The due diligence phase of a transaction can be the longest and can take several weeks to complete depending on the nature of the property. The buyer's solicitor will also rely on search results from other third-party organisations such as the local council, the water authority and the environment agency and these can take time to be returned to them.

If the property is leasehold, then the lease may provide that the landlord's consent is required to any transfer of the property. We will deal with this on your behalf and make a formal application to the landlord for its consent and deal with their requirements. They may require their consent to be documented in a formal licence with you and the new owner. The costs involved in obtaining any consents are normally paid for by the seller, but this is a matter for negotiation between you and the buyer and can be detailed in the Heads of Terms.

Once the buyer's solicitor is happy with all the information it has received as part of its due diligence process, the terms of the contract and transfer can be agreed and you will be asked to sign the documentation in readiness for exchange and completion.

If you have a loan secured against the property, we will need to contact your lender and ask for a statement setting out the amount that needs to be repaid to them on completion.

Once the parties have signed their parts of the contract, then contracts can be exchanged, and the buyer will normally pay a deposit of 10% of the purchase price. On exchange, the contract is legally binding, and the completion date is set. On completion the balance of the purchase price will be paid by the buyer, any mortgage will be discharged and the remaining proceeds will be paid to you.



Following completion, you should notify the utility companies of the change of ownership and take meter readings in the normal way. You should also cancel any building insurance that you have taken out.

What about tenants in the property?

If you are selling an investment property that is subject to occupational tenants, it is usual for the seller to provide a rent authority letter to the buyer on completion which will tell the tenant that you have sold your interest in the property and that future rents should be paid to the buyer.

On the day of completion, the rents and other payments that have been paid by the tenant in advance will be apportioned between the parties from the day of completion.

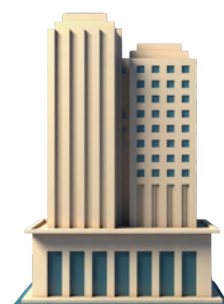
Auction sales

Auction sales are dealt with slightly differently.

The seller's solicitor normally carries out all of the conveyancing searches in advance and produces an information pack and contract for the auction. A buyer will inspect these documents and decide whether to bid for the property.

On the day of the auction the successful bidder will enter into a legally binding contract which sets out the terms of the sale and purchase, including the completion date.

The deposit money is paid over to the auctioneer and the seller's and buyer's solicitor will deal with the completion process for the transfer of the property on the completion date.



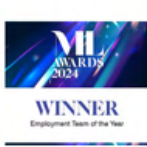
You're in safe hands!

If you would like further information about how we can help you with the **disposal of commercial property**, or if you have any questions, please don't hesitate to contact a member of our **Commercial Property** team today.

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