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Myerson **Commercial Property**

Our Guide for Commercial Landlords

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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.



Our Guide for Commercial Landlords

What are my responsibilities as a commercial landlord?

As a landlord of a commercial property, you have several health and safety responsibilities and generally need to ensure that your property is safe for your tenants and anyone else who may use it (for example, visitors).

There can be considerable overlap between the responsibilities of landlords and tenants, and the extent of those responsibilities will also depend (in part) on the nature of the property and terms of the lease.

Things you will need to consider include responsibility for the following:

- Health and safety
- Fixtures and fittings
- Gas
- Electricity
- Maintenance and repair
- Asbestos
- Fire safety
- Energy performance



I am looking to grant a lease – how do I get started?

As well as instructing a solicitor before signing a lease, we recommend that you also instruct a property agent (or surveyor) to work with us to agree the commercial terms and conditions of the lease on your behalf (known as heads of terms).

In our experience, the early days of negotiation are a key time to resolve important commercial issues and differences leading to a smoother, more cost-efficient transaction.

What things do I need to cover in the heads of terms?

The heads of terms should cover the main areas of the lease, including:

- The price (including whether VAT is payable);
- A description of the property to be demised ideally by reference to a plan of the property which also shows any land/buildings 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;
- The parties and their representatives;
- Any conditionality i.e. anything that needs to be done before the lease can complete;



- Security of tenure i.e. whether the tenant will have a statutory right under the Landlord and Tenant Act 1954 to a renewal at the end of the lease term;
- Rent (including any agreed rent free or reduced rent period and whether there will be a rent deposit held by you during the term);
- The permitted use;
- Will the tenant be allowed to carry out any alterations to the property and is a licence for alterations required for the tenant's initial fit-out?

What is the process when granting a lease to a new tenant?

After the heads of terms have been agreed and circulated to all parties, we will prepare the draft lease and any other documents required, based on these terms and send them to the tenant's solicitor, together with a copy of your title to the property.

Property Plans

You will need to obtain an accurate scale plan of the property, which will be attached to the lease. If it is a lease of a whole building, this may be easy to prepare. However, if the property is more complicated (for example, if the property is part of a floor of an office building), you may need to instruct a surveyor to produce the plan for you.

CPSE Enquiries

We will also usually be asked by the tenant's solicitor to provide replies to standard enquiries (called CPSEs). Don't worry about these enquiries, we will take you through them all and tell you what we need to know. The tenant's solicitor will then review everything and may ask us further questions about the property.

The lease negotiation

The tenant's solicitor will also amend the draft lease to try and make some of the clauses more acceptable for their client. We will contact you to



discuss the amendments made and to explain the effects of them and your views on whether to accept or reject the amendment, or to propose a compromise.

Mortgage requirements

Once the lease documents have been agreed, you may need to speak to your bank if you have a mortgage on the property. They are likely to need to give their consent to the terms of the lease before it is completed.

Completion

It will then be time to get the lease signed and completed.

You will need to calculate the amount of rent, service charge, insurance and any other sums due (for example, a rent deposit) which the tenant will need to pay on completion.

Post Completion

Once completion has taken place, you will need to liaise with the tenant to organise handing over the keys.

Following completion, the tenant's solicitor may need to apply to the Land Registry to register the tenant's lease, depending on the length of the term.

How long will it take to get a tenant in my property?

This very much depends on the parties and their approach. You might send a draft lease to the tenant and they simply sign it and take the keys.

On the other hand, they might instruct a solicitor to review the title to the property, carry out searches in respect of it (for example, to check the planning position, drainage situation etc) and negotiate the lease by amending it heavily in their client's favour.

There is no standard answer to this question, but in our experience, it is likely to take at least a few weeks for everything to be agreed and signed.



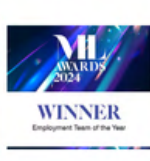
You're in safe hands!

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

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