



myerson

Myerson **Business**

Our guide to the assignment of a lease for
sellers of commercial property

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Welcome

We understand the complexities of modern life and the importance of taking care of your business interests. So it's a deep source of satisfaction that so many businesses choose Myerson as their trusted adviser, from assisting with day to day commercial property issues, to advising on large scale developments and investment.

Why Myerson?

At Myerson, we are real estate 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.

We are proud to be ranked as '**Top Tier**' in the prestigious international directory **The Legal 500**, commended by The Times '**Best Law Firms**' and named '**Property Team of the Year**' at the Manchester Legal Awards 2021. Therefore, you can rest assured you will receive a high quality and truly bespoke service.

Our Real Estate Group advises clients on the full range of property matters including the sale and purchase of real estate, landlord and tenant work, commercial and residential property development, investment and portfolio management.

You can find out more about our Real Estate Group by clicking [here](#).



Assignment of a lease

How does a lease assignment (transfer) work?

Firstly, you will need to check that your lease permits assignment.

Normally this will be permitted with the landlord's consent, subject to certain conditions (see below). You, or we, can do it on your behalf, which will include approaching the landlord to request their consent to assign and to give them the details of the proposed assignee.

The 'buyer' (known as the assignee) will usually instruct a solicitor to review the lease and conduct due diligence about the lease and the property. They may require replies to the Commercial Property Standard Enquiries. We will help you prepare the replies to these enquiries. The assignee's solicitor may also raise additional enquiries and conduct property searches.

The assignment document will differ depending on whether or not the lease is registered at the Land Registry.

- If the lease is not registered: the assignment will be by a deed of assignment.
- If the lease is registered: the assignment will be by a Land Registry transfer form TR1.

You may also need a contract between you and the assignee to document any payments and apportionments between you. We will draft these documents and they will be negotiated with the assignee's solicitor.

Once the assignment has completed, the lease will usually require you to give notice to the landlord of the assignment and pay a small registration fee. We will also deal with this on your behalf. The assignee's solicitor will register the assignment at the Land Registry if the lease is registered.



What do I need to agree with the buyer?

You and the assignee will need to agree whether the assignee is making any payment, called a premium, to you for the assignment. This is more common where the lease is for a longer-term, or the property is in a high demand location.

If you are selling your business as well as the lease, our Corporate Team will be able to advise you on this and prepare the documents dealing with the sale of the business.

Other points to agree are:

- Who will pay for the landlord's fees for the consent to the assignment?
- Does the assignee require any variation to the lease? For example, do they need an amendment to the permitted use so that they can conduct their business from the property? Any variation will need to be agreed by the landlord, and it will be at the landlord's discretion.
- What will happen to any rent deposit you have provided to the landlord?



What will the landlord require to give its consent to the assignment of the lease?

The lease may state that the landlord can refuse consent in certain circumstances, for example:

- where there are arrears of rent;
- there is a material breach of covenant by the tenant; or
- where the assignee is not of sufficient financial standing.

There will usually be conditions to any assignment set out in your lease. The conditions may include that you provide an Authorised Guarantee Agreement, to guarantee the assignee's obligations under the lease and that your guarantor (if you had one) will guarantee your obligations under the Authorised Guarantee Agreement.

The lease may also state that the landlord can request a guarantor from the assignee, and/or a rent deposit.

The landlord will instruct its solicitors to provide the draft licence to assign.

The landlord will almost certainly require that you cover its legal costs (which are normally between £1,000 and £1,500 plus VAT).

The landlord's solicitor will request an undertaking from your solicitor before starting to draft the document, so you will need to send the money for the costs to us upfront.



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.

Call: 0161 941 4000

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