

GUIDE TO MAKING AN OFFER FOR A LEASE OF A COMMERCIAL PROPERTY

The following is a brief guide to making an offer for a lease of commercial property covering:-

A) the main lease terms and B) the information to be provided by an applicant for a lease.

Please use the Offer Form on our website

We recommend that you take legal advice before entering into a contract or lease.

All offers should be made "Subject to Contract".

Please refer to the letting particulars or make enquiries at our office as to the asking terms for each property.

A) MAIN LEASE TERMS:

These are the main factors to be considered when making an offer for a lease, but this is by no means exhaustive. Please state any other conditions of your offer as these will need to be considered by the Landlord. NB: LEASE ASSIGNMENT – Please note that where the property being offered is an assignment of an existing lease the terms of the lease are fixed and not negotiable.

- Rent:** Please quote the rent per annum exclusive (pax), i.e. yearly sum exclusive of rates, service charges, taxes etc. Rent will normally be paid quarterly (3 monthly) in advance. In some cases VAT will be payable on rent.
- Lease term:** Please state the number of years of the lease and period of rent reviews, i.e. 12 year lease with 3 yearly rent reviews. The letting particulars will often indicate the term of years and rent review periods the Landlord requires. Please note that rent reviews will normally be upward only.
- User:** Please state the user, i.e. retail, office, food and drink, residential etc and whether any planning permission or other consents are required.
- Repair:** Most commercial leases are on full repairing and insuring (FRI) terms which means that you will be responsible for all repairs and insurance of the building, or a proportion of repairs and insurance where the premises form part of a building. Remember that you should take advice from a surveyor with regard to the condition of the property where you will be liable for repairs.
- Break clause:** You may wish to include a break clause, i.e. a provision to determine the lease at an appropriate stage during the term. The Landlord may require a minimum term of lease before a break clause is operable, a reasonable notice period and in some cases a penalty payment if a break clause is implemented.
- Rent free:** A Landlord may be prepared to grant a period of rent free occupation where the Tenant is required to carry out repairs/improvements as a condition of the lease. If you are requesting a rent free period you should be prepared to supply a Schedule of Repairs/Improvements which you will agree to carry out.
- Premium:** Please state the sum being offered, if any, for the lease and/or goodwill. An offer may also be made for fixtures and fittings in which case please state clearly the items to be included.

B) INFORMATION TO BE PROVIDED BY AN APPLICANT FOR A NEW LEASE OR LEASE ASSIGNMENT

In addition to the terms of your offer you should include the following information:-

- Applicant:** The full name and address of the person(s) and/or company who intend to take the lease. A lease may be taken in the name of one or more individuals or by a company. Where a lease is taken by a company it must be a properly constituted and registered company and it will normally be necessary for at least two directors to stand as personal guarantors in the case of a limited company. Rent security deposits may be required by some Landlords depending on the status of the individuals and/or company proposing to take the lease.
- Business:** A description of the business which you intend to operate from the property.
- Business history:** A detailed description of the business history of the applicants, including details of any other properties held on lease. Accounts, business plans etc should be submitted where available.
- References:** Please supply the name and address of the following so that we can apply for the usual references:
- 1) Bank with Sort Code, Account name and number and correspondence address;
 - 2) Accountant;
 - 3) Current/previous Landlord and the address to which it relates;
 - 4) Trade references (or character references where it is a new business venture).

Remember the more information you can supply, the more chance you have that the Landlord will accept your offer.

We hope that this brief guide will assist you in making an offer for commercial property. If you have any queries please call our office and speak to our staff who will be happy to assist