



Preparing Your Commercial Property for a Sale



In England the process of buying commercial property usually involves a lot of due diligence and therefore as a seller it is important to be prepared with all the paperwork that will be requested from you to ensure the transaction is as swift and smooth as possible.



Although it is not possible to predict all of the information that will be necessary for a transaction to progress, we have set out in this guide the various documents and information that is commonly required throughout a commercial property transaction.

Commercial Property Standard Enquiries

Standard enquiries of the seller will be raised by the buyer (these may include but are not limited to providing information regarding the property's planning status or location of drains and highways). Additional enquiries may be raised throughout the transaction as the buyer's solicitor considers appropriate, but may be avoided if comprehensive answers are provided early on.

Reports

If you do not have recent copies of the following reports, we recommend commissioning them in advance:

- an Asbestos Report (note that an asbestos report is required for any property built prior to 1999);
- a Fire Risk Assessment Report (it is the responsibility of the owner of a property to carry out fire risk assessments).

Energy Performance Certificate (EPC)

An EPC is legally required to be supplied by the seller prior to the sale of a property. The EPC provides the asset rating of a building from A to G (by examining the property's radiators, insulation, boilers etc.). If there is no EPC for the property or it has expired, then you should commission a new certificate before the property is put on the market to allow time for any improvement works which may be necessary to ensure the building complies with the minimum standard required.

Planning and Building Regulation Certificates

If you have carried out any works at the property or applied for planning permission, we recommend that you gather these documents in advance of the transaction as they will likely be requested by the buyer's solicitor and having them ready will save time during the transaction.

Capital Allowances

You will need to disclose whether capital allowances have been claimed during your occupation of the property. You will need to decide whether you want to pass on or retain the capital allowances and we recommend including this information in the heads of terms. Therefore it is important to collate your capital allowances information early.

VAT

The buyer will need to know whether you have opted to tax your property for VAT. Not only would that enable them to confirm that they have enough funds to complete the purchase, but there will be a VAT implication for them post acquisition. If you have opted to tax you will be required to provide the HMRC paperwork.

Service Charge

You will need to provide the last 3 years of service charge accounts, the current year's budget and details of your managing agents if the property is subject to a service charge. You will also need to factor in the managing agents costs (if relevant).

Consent to the Sale of a Lease

If you are selling a leasehold property, you may need to obtain the permission of the landlord and we recommend letting them know as soon as possible that you will be selling. The landlord may require certain conditions to be met before the property is sold and we will be able to advise you as to the particular requirements in accordance with the lease provisions.

If there is a management company, you should also consider whether you hold a share certificate that will need to be transferred. It's important to start a conversation with the management company early to deal with any other formalities that may delay the transaction.

Selling costs to consider

- Commercial selling agent fees
- Capital Gains Tax
- Moving and storage costs
- Mortgage fees
- Solicitor fees

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Disclaimer: This note does not contain a full statement of the law and it does not constitute legal advice. Please contact us if you have any questions about the information set out above.

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