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| --- |
| Dated |
|  |
| [LANDLORD]and[TENANT]and[TENANT’S GUARANTOR]and[ASSIGNEE]and[ASSIGNEE’S GUARANTOR] |
|  |
| **LICENCE TO ASSIGN AND CHANGE USE**Relating to premises known as [DESCRIPTION] |
|  |
| (New tenancy) |

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**DATED**

**PARTIES**

1. [LANDLORD] (incorporated and registered in [England and Wales] [the United Kingdom] [COUNTRY] under company registration number [COMPANY NUMBER]), the registered office of which is at [ADDRESS] (the “**Landlord**”); [and]

2. [TENANT] (incorporated and registered in [England and Wales] [the United Kingdom] [COUNTRY] under company registration number [COMPANY NUMBER]), the registered office of which is at [ADDRESS] (the “**Tenant**”); [and]

3. [[TENANT’S GUARANTOR] (incorporated and registered in [England and Wales] [the United Kingdom] [COUNTRY] under company registration number [COMPANY NUMBER]), the registered office of which is at [ADDRESS] (the “**Tenant’s Guarantor**”); [and]]

4. [ASSIGNEE] (incorporated and registered in [England and Wales] [the United Kingdom] [COUNTRY] under company registration number [COMPANY NUMBER]), the registered office of which is at [ADDRESS] (the “**Assignee**”)[.][; and]

5. [[ASSIGNEE’S GUARANTOR] (incorporated and registered in [England and Wales] [the United Kingdom] [COUNTRY] under company registration number [COMPANY NUMBER]), the registered office of which is at [ADDRESS] (the “**Assignee’s Guarantor**”).]

**BACKGROUND**

(A) This Licence relates to the Premises and is supplemental to the Lease.

(B) The Landlord [remains/is now] the landlord under the Lease and the Tenant [remains/is now] the tenant under the Lease.

(C) The Landlord has agreed to permit the Assignment subject to the terms contained in this Licence.

**IT IS AGREED AS FOLLOWS**

1. Definitions
	1. This Licence uses the following definitions:

[**“1986 Act”**

the Insolvency Act 1986;[[2]](#footnote-2)]

**“1995 Act”**

the Landlord and Tenant (Covenants) Act 1995;

**“Assignment”**

the assignment permitted under **clause 3**;

**“Assignment Date”**

the date of the [deed of assignment][transfer] of the Lease to the Assignee;

**[“Business Day”**

a day (other than a Saturday, Sunday or public holiday) on which banks are usually open for business in England and Wales;[[3]](#footnote-3)]

**“Consents”**

all consents required to authorise the use of the Premises for the New Use from:

1. the local authority and any other public or statutory body; or
2. the insurers of the Premises;

**“Existing Use”**

the use of the Premises permitted under the Lease at the date of this Licence;

**[“Guaranteed Party”**

the person whose obligations are guaranteed by a Guarantor;]

**[“Guarantor”**

any person who gives a Guarantee to the Landlord under this Licence;]

**“Lease”**

a lease dated [DATE] between (1) [the Landlord] and (2) [the Tenant] [and (3) [NAME OF ORIGINAL GUARANTOR]] and any document supplemental to it;

**“Liability Period”**

the period starting on the Assignment Date and ending on the date that the Assignee is released from the Tenant’s Obligations under the 1995 Act;

**“New Use”**

the use of the Premises as [DESCRIPTION OF NEW USE];

**“Premises”**

the property let by the Lease known as [ADDRESS];

**“Rents”**

the rents reserved by the Lease;

**“Tenant’s Obligations”**

the tenant’s obligations in the Lease;

**“Term”**

the term of the Lease [including where applicable any continuation of that period under the Landlord and Tenant Act 1954[[4]](#footnote-4)].

1. Interpretation
	1. All headings in this Licence are for ease of reference only and will not affect its construction or interpretation.
	2. In this Licence, “includes”, “including” and similar words are used without limitation or qualification to the subject matter of the relevant provision.
	3. In this Licence:
		1. “notice” means any notice, notification or request given or made under it; and
		2. a notice must be given or made in writing.
	4. References in this Licence to:
		1. the parties include references to their respective successors in title [except as stated in **clause 3.2**][[5]](#footnote-5);
		2. an Act are to that Act as amended from time to time and to any Act that replaces it [but references to the Town and Country Planning (Use Classes) Order 1987 are to that order as in force at the date of the Lease];
		3. the singular include the plural and vice versa, and one gender includes any other;
		4. clauses and Schedules are to the clauses of and Schedules to this Licence and references to paragraphs are to the paragraphs of the Schedule in which the references are made;
		5. the Landlord having a right of approval or consent mean a prior written approval or consent, which will not be unreasonably withheld or delayed except where this Licence states that the Landlord has absolute discretion; and
		6. any sums being payable on demand or when demanded mean being payable when demanded in writing.
	5. Obligations in this Licence:
		1. owed by or to more than one person are owed by or to them jointly and severally;
		2. to do something include an obligation not to waive any obligation of another person to do it; and
		3. not to do something include an obligation not to permit or allow another person to do it.
	6. Where the Tenant is obliged to pay any costs that the Landlord incurs (or any proportion of them) under this Licence, those costs must be reasonable and proper and reasonably and properly incurred.
	7. If any provision or part of any provision of this Licence is held to be illegal, invalid or unenforceable, that provision or part will apply with such modification as may be necessary to make it legal, valid and enforceable. If modification is not possible, that provision or part will be deemed to be deleted. The legality, validity or enforceability of the remainder of this Licence will not be affected.
2. Licence to assign and change use
	1. The Landlord permits the Tenant to assign the Lease to the Assignee on the terms of this Licence.
	2. The Landlord permits the Assignee to use the Premises for the New Use [in substitution for][in addition to] the Existing Use starting on the Assignment Date and [clause [NUMBER] of][the definition of [“Authorised Use”][“Permitted Use”] in] the Lease will be amended accordingly. [This permission is personal to the Assignee named in this Licence and will not benefit any successors in title to or undertenants of the Assignee.]
	3. [Starting on the Assignment Date, the variations to the Lease set out in **Schedule 2** will apply.[[6]](#footnote-6)]
3. Assignee’s obligations
	1. The Assignee must:
		1. comply with all of the Tenant’s Obligations throughout the Liability Period; and
		2. not occupy the Premises before the Assignment Date.

**[WHERE THE LEASE IS REGISTERED AT HM LAND REGISTRY]**

* 1. [The Assignee must:
		1. procure the registration of the Assignment by HM Land Registry as soon as reasonably practicable after the Assignment Date;
		2. [apply to HM Land Registry to note any variation of the terms of the Lease created by this Licence against the registered title to the Lease and against the Landlord’s title to the Premises. The Landlord consents to HM Land Registry noting those variations against its title to the Premises;][[7]](#footnote-7) and
		3. within one month of completion of the registration of the Assignment, produce to the Landlord’s solicitors an official copy of the register of title showing the Assignee as the registered proprietor of the Lease.][[8]](#footnote-8)

**[WHERE THE ASSIGNMENT OF THE LEASE WILL TRIGGER FIRST REGISTRATION AT HM LAND REGISTRY]**

* 1. [The Assignee must:
		1. procure the first registration of the Lease by HM Land Registry as soon as reasonably practicable after the Assignment Date;
		2. not submit to HM Land Registry any plan of the Premises (other than a plan attached to the Lease) without the prior written approval of the Landlord;
		3. [apply to HM Land Registry note any variation of the terms of Lease created by this Licence against the registered title to the Lease and against the Landlord’s title to the Premises. The Landlord consents to HM Land Registry noting those variations against its title to the Premises;][[9]](#footnote-9) and
		4. within one month of completion of the registration of the Lease, produce to the Landlord’s solicitors an official copy of the register of title and of the title plan showing the Assignee as the registered proprietor of the Lease.][[10]](#footnote-10)
	2. The Assignee must not use the Premises for the New Use unless and until:
		1. the Landlord has approved the Assignee’s application for the Consents in writing;
		2. it has obtained all Consents; and
		3. the Landlord has approved the Consents in writing.
	3. The Assignee must pay within [ten] working days of demand all costs and expenses, and any value added tax on them that cannot otherwise be recovered, incurred by the Landlord [and any superior landlord and mortgagee] in connection with the approval of the Consents.
	4. Starting on the Assignment Date, the Assignee must:
		1. comply with the terms of the Consents and with all statutory provisions relating to the use of the Premises for the New Use;
		2. pay to the Landlord as additional rent under the terms of the Lease any increased insurance premium payable as a result of the use of the Premises for the New Use.
1. Tenant’s obligations
	1. The Tenant must:
		1. pay on completion of this Licence all costs and expenses, and any value added tax on them that cannot otherwise be recovered, incurred by the Landlord [and any superior landlord and mortgagee] in connection with this Licence;
		2. not enforce any of the landlord’s obligations under the Lease nor exercise any of the tenant’s rights under the Lease on or after the Assignment Date;
		3. within seven days from the Assignment Date, give notice to the Landlord of the name and address of the party to whom future rent demands should be sent;
		4. within one month from the Assignment Date (or such other period as may be specified in the Lease), produce to the Landlord’s solicitors a certified copy of the deed effecting the Assignment and pay any registration fee required by the Lease[; and][.]
		5. [produce to the Landlord before or as soon as practicable following the Assignment Date a copy of the current valid energy performance certificate and recommendation report (as defined in the Energy Performance Buildings (England and Wales) Regulations 2012) (the "EPC") that was provided to the Assignee in respect of the Premises, together with copies of all data, plans and specifications used to prepare the EPC (in a format that the Landlord can retain and use) and the Tenant consents to the Landlord using these data, plans and specifications.[[11]](#footnote-11)]
	2. The Tenant, as primary obligor, guarantees to the Landlord that, starting on the Assignment Date, the Assignee will comply with the Tenant’s Obligations throughout the Liability Period. If the Assignee defaults, the Tenant will itself comply with those obligations and will indemnify the Landlord against all losses, costs, damages and expenses caused to the Landlord by that default. This guarantee:
		1. incorporates the provisions of **Schedule 1**; [and]
		2. will not be released or varied by any variations to the Lease made by this Licence;
		3. constitutes an authorised guarantee agreement for the purposes of section 16 of the 1995 Act.
2. [Assignee’s Guarantor
	1. The Assignee’s Guarantor, as primary obligor, guarantees to the Landlord that, starting on the Assignment Date, the Assignee will comply with the Tenant’s Obligations throughout the Liability Period. If the Assignee defaults, the Assignee’s Guarantor will itself comply with those obligations and will indemnify the Landlord against all losses, costs, damages and expenses caused to the Landlord by that default. This guarantee incorporates the provisions of **Schedule 1**.
	2. The Assignee’s Guarantor agrees with the Landlord that, if the Landlord asks it to do so, it will give the Landlord a guarantee of any authorised guarantee agreement given to the Landlord by the Assignee on an assignment of the Lease, such guarantee to incorporate the provisions of **Schedule 1**.]
3. [Tenant’s Guarantor
	1. The Tenant’s Guarantor, as primary obligor, guarantees to the Landlord that, starting on the Assignment Date, the Tenant will comply with its obligations under **clause 5.2** throughout the Liability Period. If the Tenant defaults, the Tenant’s Guarantor will itself comply with those obligations and will indemnify the Landlord against all losses, costs, damages and expenses caused to the Landlord by that default. This guarantee incorporates the provisions of **Schedule 1** and will not be released or varied by any variations to the Lease made by this Licence.]
4. Termination of this Licence
	1. The Landlord may terminate this Licence by written notice to the Tenant if the Assignment Date has not occurred within the period of three months starting on the date of this Licence.
	2. Any termination of this Licence under **clause 8.1** will be:
		1. without prejudice to any rights or remedies of any party to this Licence in respect of or arising from any previous breach by any other party to this Licence; and
		2. without liability on the part of the Landlord to refund any moneys paid in connection with this Licence.
5. Agreements
	1. Nothing in this Licence will:
		1. be deemed to authorise any action other than expressly authorised in **clause 3**;
		2. release or reduce any liability to the Landlord of the Tenant or any guarantor or other party to the Lease; or
		3. waive or be deemed to waive any breach of the Tenant’s Obligations that may have occurred before the date of this Licence.
	2. By granting this Licence or giving any approval or consent under this Licence, the Landlord makes no representation and gives no warranty that the Premises may lawfully be used for the New Use.
	3. All sums payable by the Tenant under this Licence will be recoverable as rent in arrear in accordance with the Lease.
	4. Where any sums become payable under the Lease after the Assignment Date that relate in whole or in part to the period before the Assignment Date, the Assignee will be liable for the whole of the sums payable.
	5. Any adverse effect on rent arising from the use of the Premises for the New Use will be disregarded on any review of the rent payable under the Lease.
	6. Nothing in this Licence creates any rights benefiting any person under the Contracts (Rights of Third Parties) Act 1999.
6. Notices
	1. Any notices to be served under this Licence will be validly served if served in accordance with [section 196 Law of Property Act 1925][the notice provisions in the Lease].
	2. [[The e-mail addresses of [NAME OF ASSIGNEE] for the service of [formal] notices in accordance with clause [●] of the Lease is [E-MAIL ADDRESS].
	3. [The e-mail addresses of [NAME OF ASSIGNEE’S GUARANTOR] for the service of [formal] notices in accordance with clause [●] of the Lease is [E-MAIL ADDRESS].[[12]](#footnote-12)]
7. Jurisdiction
	1. This Licence and any non-contractual obligations arising out of or in connection with it will be governed by the law of England and Wales.
	2. Subject to **clause 11.3**, the courts of England and Wales have exclusive jurisdiction to decide any dispute arising out of or in connection with this Licence, including in relation to any non-contractual obligations.
	3. Any party may seek to enforce an order of the courts of England and Wales arising out of or in connection with this Licence, including in relation to any non-contractual obligations, in any court of competent jurisdiction.
8. Legal effect
	1. This Licence takes effect and binds the parties with effect from the date set out at the beginning of this Licence.
9.

Guarantee

* + 1. **Guarantor’s obligations**
			1. The Guarantor, as primary obligor, guarantees to the Landlord that it will indemnify the Landlord against all losses, costs, damages and expenses caused to the Landlord by the Guaranteed Party proposing or entering into any company voluntary arrangement, scheme of arrangement or other scheme having or purporting to have the effect of impairing, compromising or releasing any or all of the obligations of the Guarantor in this Licence.
			2. If the Landlord in its absolute discretion notifies the Guarantor within three months after the date of any disclaimer of the Lease, the Guarantor must, within ten Business Days, at the Landlord’s option either:
				1. at the Guarantor’s own cost (including payment of the Landlord’s costs) accept the grant of a lease of the Premises:

for a term starting and taking effect on the date of the disclaimer of the Lease;

ending on the date when the Lease would have ended if the disclaimer had not happened;

at the same rent and other sums payable;

containing a rent review date on the term commencement date of the new lease if there is a rent review under the Lease that falls before that term commencement date that has not been concluded (but with the rent being reviewed as at the date of the unconcluded rent review);

containing rent review dates on each rent review date under the Lease that falls on or after the term commencement date of the new lease; and

otherwise on the same obligations and conditions in the Lease;[[13]](#footnote-13) or

* + - * 1. pay the Landlord any arrears of the Rents, outgoings and any other sums payable under the Lease plus the amount equivalent to the total of those sums due that would have been payable for the period of 6 months following the disclaimer had there been no such disclaimer.[[14]](#footnote-14)
			1. Where the guarantee has been given by the Assignee’s Guarantor, references in **paragraph 1.2** to the disclaimer of the Lease will include references to the forfeiture of the Lease and the Assignee being struck off the register of companies.
			2. If **paragraph 1.2.2** applies then, on receipt of the payment in full, the Landlord must release the Guarantor from its future obligations under its guarantee (but that will not affect the Landlord’s rights in relation to any prior breaches).
			3. The Guarantor’s liability will not be reduced or discharged by:
				1. any failure for any reason to enforce in full or any delay in enforcement of, any right against, or any concession allowed to the Guaranteed Party or any third party;
				2. any variation of the Lease (except that a surrender of part will end the Guarantor’s future liability in respect of the surrendered part);
				3. any right to set-off or counterclaim that the Guaranteed Party or the Guarantor may have;
				4. any death, incapacity, disability or change in the constitution or status of any party to this Licence or of any other person who is liable for the performance of the Tenant’s Obligations;
				5. any amalgamation or merger by any party with any other person, any restructuring or the acquisition of the whole or any part of the assets or undertaking of any party by any other person;
				6. the existence or occurrence of any matter referred to in **paragraph 1.6**; or
				7. anything else other than a release by the Landlord by deed.
			4. The matters referred to in **paragraph 1.5.6** are:
				1. any Law of Property Act 1925, administrative, court-appointed or other receiver or similar officer is appointed over the whole or any part of the assets of the Guaranteed Party or the Guaranteed Party enters into any scheme or arrangement with its creditors in satisfaction or composition of its debts under the 1986 Act;
				2. if the Guaranteed Party is a company or a limited liability partnership:

the Guaranteed Party enters into liquidation within the meaning of section 247 of the 1986 Act;

the Guaranteed Party is wound up or a petition for winding up is presented against the Guaranteed Party that is not dismissed or withdrawn within [NUMBER] days of being presented;

a meeting of the Guaranteed Party’s creditors or any of them is summoned under Part I of the 1986 Act;

a moratorium in respect of the Guaranteed Party comes into force under section 1(A) of and schedule A1 to the 1986 Act;

an administrator is appointed to the Guaranteed Party; or

the Guaranteed Party is struck off the register of companies;

* + - * 1. if the Guaranteed Party is a partnership, it is subject to an event similar to any listed in **paragraph 1.6.2** with appropriate modifications so as to relate to a partnership;
				2. if the Guaranteed Party is an individual:

a receiving order is made against the Guaranteed Party;

an interim receiver is appointed over or in relation to the Guaranteed Party’s property;

the Guaranteed Party makes an application to be declared bankrupt, the Guaranteed Party is the subject of a bankruptcy petition or the Guaranteed Party becomes bankrupt;

the Guaranteed Party applies for or becomes subject to a debt relief order or the Guaranteed Party proposes or becomes subject to a debt management plan; or

an interim order is made against the Guaranteed Party under Part VIII of the 1986 Act or the Guaranteed Party otherwise proposes an individual voluntary arrangement;

* + - * 1. any event similar to any listed in **paragraphs 1.6.1 to 1.6.4** occurs in any jurisdiction (whether it be England and Wales, or elsewhere); and
				2. any event similar to any listed in **paragraphs 1.6.1 to 1.6.5** occurs in relation to the Guarantor.
			1. The Guarantor must not claim in competition with the Landlord in the insolvency of the Guaranteed Party and must not take any security, indemnity or guarantee from the Guaranteed Party in respect of the Tenant’s Obligations.
			2. Nothing in this **paragraph 1** may impose any liability on the Guarantor that exceeds the liability that it would have had were it the tenant of the Lease.
1.

Variations to the Lease

*Set out any variations to the terms of the Lease that are required in this Schedule.*

Executed as a deed by the Landlord acting by )

[a director and its secretary] or by [two directors]: )

 Signature of Director

 Signature of Director/Secretary

Executed as a deed by the Tenant acting by )

[a director and its secretary] or by [two directors]: )

 Signature of Director

 Signature of Director/Secretary

Executed as a deed by the Assignee acting by )

[a director and its secretary] or by [two directors]: )

 Signature of Director

 Signature of Director/Secretary

[Executed as a deed by the Assignee’s Guarantor )

acting by [a director and its secretary] or by )

[two directors]: )

 Signature of Director

 Signature of Director/Secretary]

[Executed as a deed by the Tenant’s Guarantor )

acting by [a director and its secretary] or by )

[two directors]: )

 Signature of Director

 Signature of Director/Secretary]

1. When drafting this Licence consider whether additional documents such as a rent deposit deed or licence to alter will be required on the assignment of the Lease. [↑](#footnote-ref-1)
2. Include this definition only where you are including the guarantee provisions in **Schedule 1**. [↑](#footnote-ref-2)
3. Include this definition only where you are including the guarantee provisions in **Schedule 1**. [↑](#footnote-ref-3)
4. Delete the wording in square brackets if the Lease is contracted out of the Landlord and Tenant Act 1954. [↑](#footnote-ref-4)
5. Include the words in square brackets where the change of use permitted by this Licence will be personal to the Assignee. [↑](#footnote-ref-5)
6. Consider whether the change of use requires other variations to the terms of the Lease. For example, if there is a change of use from A1 to A3/A4 or A5, you may need to include additional catering covenants in the Lease. [↑](#footnote-ref-6)
7. Not every change of use will create a variation of the terms of the Lease. A change of use personal to this Assignee will not vary the terms of the Lease. A change of use that falls within the permitted changes of use anticipated by the Lease will not create a variation of the terms of the Lease. [↑](#footnote-ref-7)
8. **Clause 4.2** will be required only where title to the Lease is already registered at HM Land Registry. [↑](#footnote-ref-8)
9. Not every change of use will create a variation of the terms of the Lease. A change of use personal to the Assignee will not vary the terms of the Lease. A change of use that falls within the permitted changes of use anticipated by the Lease will not create a variation of the terms of the Lease. [↑](#footnote-ref-9)
10. **Clause 4.3** will be required only where the Assignment will trigger an obligation for first registration of the Lease because the outstanding term of the Lease at the date of the Assignment exceeds 7 years. [↑](#footnote-ref-10)
11. If the EPC is one that was provided by the Landlord, this clause 5.1.5 will not be required. [↑](#footnote-ref-11)
12. Include clause 10.2 and, if applicable clause 10.3, only where the Lease permits the service of notices by e-mail and the relevant parties agree to notices being served on them by e-mail. [↑](#footnote-ref-12)
13. No 1954 Act exclusion wording is included. Although technically this would be required to achieve 1954 Act exclusion of the new lease (if original lease is 1954 Act-excluded), new leases under these clauses are so rare that the cost of allowing for 1954 Act-exclusion is likely to outweigh the benefit. The Landlord can therefore choose between the grant of a lease within the 1954 Act and the payment of a lump sum. [↑](#footnote-ref-13)
14. There is no right to repayment if the Landlord subsequently re-lets the Premises during the six month period covered by this payment. [↑](#footnote-ref-14)