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| --- |
| Dated |
|  |
| [LANDLORD]  and  [TENANT]  and  [UNDERTENANT]  and  [ASSIGNEE]  and  [GUARANTOR] |
|  |
| **LICENCE TO ASSIGN UNDERLEASE**  Relating to premises known as [DESCRIPTION] |
|  |
| (Old tenancy / no change of use) |

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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**”);

3. [UNDERTENANT] (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 “**Undertenant**”);

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. [[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 “**Guarantor**”).]

**BACKGROUND**

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

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

(C) The Landlord and the Tenant have 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)]

**“Assignment”**

the assignment permitted under **clause 3**;

**“Assignment Date”**

the date of the [deed of assignment][transfer] of the Underlease 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)]

**“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;

**“Premises”**

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

**“Rents”**

the rents reserved by the Underlease;

**“Tenant’s Obligations”**

the tenant’s obligations in the Lease;

**“Term”**

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

**“Underlease”**

an underlease dated [DATE] between (1) [the Tenant] and (2) [the Undertenant] [and (3) [NAME OF ORIGINAL GUARANTOR]] and any document supplemental to it; and

**“Undertenant’s Obligations”**

the tenant’s obligations in the Underlease.

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;
      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 are to the clauses of this Licence;
      5. the Landlord or the Tenant 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 specifies that the Landlord or the Tenant have 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. Where the Undertenant is obliged to pay any costs that the Landlord or the Tenant incur (or any proportion of them) under this Licence, those costs must be reasonable and proper and reasonably and properly incurred.
   8. 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
   1. The Landlord and the Tenant permit the Undertenant to assign the Underlease to the Assignee on the terms of this Licence.
3. Assignee’s obligations
   1. The Assignee must:
      1. starting on the Assignment Date comply with all of the Undertenant’s Obligations throughout the remainder of the Term; and
      2. not occupy the Premises before the Assignment Date.

**[WHERE THE UNDERLEASE 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; and
     2. within one month of completion of the registration of the Assignment, produce to the Landlord’s solicitors and the Tenant’s Solicitors official copies of the register of title showing the Assignee as the registered proprietor of the Underlease.][[5]](#footnote-5)

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

* 1. [The Assignee must:
     1. procure the first registration of the Underlease 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 Underlease) without the prior written approval of the Landlord and the Tenant; and
     3. within one month of completion of the registration of the Underlease, produce to the Landlord’s solicitors and the Tenant’s solicitors official copies of the register of title and of the title plan showing the Assignee as the registered proprietor of the Underlease.][[6]](#footnote-6)

1. Undertenant’s obligations
   1. The Undertenant 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 the Tenant [and any superior landlord and mortgagee] in connection with this Licence;
      2. not seek to enforce any of the landlord’s obligations under the Underlease nor exercise any of the tenant’s rights under the Underlease on or after the Assignment Date;
      3. within seven days from the Assignment Date, give notice to the Tenant of the name and address of the party to whom future rent demands should be sent; and
      4. within one month from the Assignment Date (or such other period as may be specified in the Underlease), produce to the Tenant’s solicitors a certified copy of the deed effecting the Assignment and pay any registration fee required by the Underlease.
2. Termination of this Licence
   1. Either the Landlord or the Tenant may terminate this Licence by written notice to the Undertenant 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 6.1** 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 the other parties to this Licence; and
      2. without liability on the part of the Landlord or the Tenant to refund any moneys paid in connection with this Licence.
3. 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 or the Undertenant’s Obligations that may have occurred before the date of this Licence.
   2. All sums payable by the Undertenant under this Licence will be recoverable as rent in arrear in accordance with the Underlease.
   3. Where any sums become payable under the Underlease 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.
4. [Guarantor’s obligations
   1. The obligations in this **clause 8** start on the Assignment Date and continue throughout the term of the Underlease.
   2. The Guarantor, as primary obligor, guarantees to the Tenant [and separately, as primary obligor, guarantees to the Landlord] that:
      1. the Assignee will comply with all of the Undertenant’s Obligations. If the Assignee defaults, the Guarantor will itself comply with those obligations and will indemnify the Tenant[ and the Landlord] against all losses, costs, damages and expenses caused to the Tenant [or the Landlord] by that default; and
      2. it will indemnify the Tenant [and the Landlord] against all losses, costs, damages and expenses caused to the Tenant [or the Landlord] by the Assignee 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 **clause 8**.
   3. If the Tenant in its absolute discretion notifies the Guarantor within three months after the date of any disclaimer or forfeiture of the Underlease or the Assignee being struck off the register of companies, the Guarantor must, within ten Business Days, at the Tenant’s option either:
      1. at the Guarantor’s own cost (including payment of the Tenant’s costs) accept the grant of an underlease of the Premises:
         1. for a term starting and taking effect on the date of the disclaimer or forfeiture of the Underlease or the Assignee being struck off the register of companies;
         2. ending on the date when the Underlease would have ended if the disclaimer, forfeiture or striking-off had not happened;
         3. at the same rent and other sums payable;
         4. containing a rent review date on the term commencement date of the new lease if there is a rent review under the Underlease 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);
         5. containing rent review dates on each rent review date under the Underlease that falls on or after the term commencement date of the new lease; and
         6. on the same obligations and conditions in the Underlease;[[7]](#footnote-7) or
      2. pay the Tenant any arrears of the Rents, outgoings and any other sums payable under the Underlease 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, forfeiture or striking-off had there been no such event.[[8]](#footnote-8)
   4. If **clause 8.3.2** applies then, on receipt of the payment in full, the Tenant [and the Landlord] must release the Guarantor from its future obligations under this **clause 8** (but that will not affect the Tenant’s [or the Landlord’s] rights in relation to any prior breaches).
   5. 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 Assignee or any third party;
      2. any variation of the Underlease (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 Assignee 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 Undertenant’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 **clause 8.6**; or
      7. anything else other than a release by the Tenant [and the Landlord] by deed.
   6. The matters referred to in **clause 8.5.6** 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 Assignee or the Assignee enters into any scheme or arrangement with its creditors in satisfaction or composition of its debts under the 1986 Act;
      2. if the Assignee is a company or a limited liability partnership:
         1. the Assignee enters into liquidation within the meaning of section 247 of the 1986 Act;
         2. the Assignee is wound up or a petition for winding up is presented against the Assignee that is not dismissed or withdrawn within [NUMBER] days of being presented;
         3. a meeting of the Assignee’s creditors or any of them is summoned under Part I of the 1986 Act;
         4. a moratorium in respect of the Assignee comes into force under section 1(A) of and schedule A1 to the 1986 Act;
         5. an administrator is appointed to the Assignee; or
         6. the Assignee is struck off the register of companies;
      3. if the Assignee is a partnership, it is subject to an event similar to any listed in **clause 8.6.2** with appropriate modifications so as to relate to a partnership;
      4. if the Assignee is an individual:
         1. a receiving order is made against the Assignee;
         2. an interim receiver is appointed over or in relation to the Assignee’s property;
         3. the Assignee makes an application to be declared bankrupt, the Assignee is the subject of a bankruptcy petition or the Assignee becomes bankrupt;
         4. the Assignee applies for or becomes subject to a debt relief order or the Assignee proposes or becomes subject to a debt management plan; or
         5. an interim order is made against the Assignee under Part VIII of the 1986 Act or the Assignee otherwise proposes an individual voluntary arrangement;
      5. any event similar to any listed in **clauses 8.6.1 to 8.6.4** occurs in any jurisdiction (whether it be England and Wales, or elsewhere); and
      6. any event similar to any listed in **clauses 8.6.1 to 8.6.1** occurs in relation to the Guarantor.
   7. The Guarantor must not claim in competition with the Tenant [or the Landlord] in the insolvency of the Assignee and must not take any security, indemnity or guarantee from the Assignee in respect of the Undertenant’s Obligations.
   8. Nothing in this **clause 8** may impose any liability on the Guarantor that exceeds the liability that it would have had were it the tenant of the Underlease.
5. 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].
6. 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 10.3**, the courts of England and Wales have exclusive jurisdiction to determine 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.
7. Legal effect
   1. This Licence takes effect and binds the parties with effect from the date set out at the beginning of this Licence.

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 Undertenant 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 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, licence to alter or licence to change use will be required on the assignment of the Underlease. [↑](#footnote-ref-1)
2. Include this definition only where you are including the guarantee provisions in **clause 8**. [↑](#footnote-ref-2)
3. Include this definition only where you are including the guarantee provisions in **clause 8**. [↑](#footnote-ref-3)
4. Delete the wording in square brackets if the Underlease is contracted out of the Landlord and Tenant Act 1954. [↑](#footnote-ref-4)
5. **Clause 4.2** will be required only where title to the Underlease is already registered at HM Land Registry. [↑](#footnote-ref-5)
6. **Clause 4.3** will be required only where the Assignment will trigger an obligation for first registration of the Underlease. [↑](#footnote-ref-6)
7. 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-7)
8. There is no right to repayment if the Tenant subsequently re-lets the Premises during the six month period covered by this payment. [↑](#footnote-ref-8)