

LICENCE FOR WORKS AGREEMENT (TRIPARTITE)



among

[] LIMITED

[] LIMITED

[and]

[] LIMITED

[with the consent of

[] LIMITED

[and]

[] LIMITED

Property: []

Version 4
April 2007



LICENCE FOR WORKS AGREEMENT (TRIPARTITE)

among

[] **LIMITED** incorporated under the Companies Acts
(Registered Number [] and having their Registered Office at [], and includes where the context so requires their successors as landlords under the Lease ("**Landlords**")

[] **LIMITED** incorporated under the Companies Acts (Registered Number [] and having their Registered Office at [], and includes where the context so requires their permitted successors as tenants under the Lease ("**Tenants**")

and

[] **LIMITED** incorporated under the Companies Acts (Registered Number [] and having their Registered Office at [], and includes where the context so requires their permitted successors as tenants under the Sublease ("**Sub-Tenants**")

[with the consent of [the Tenants' Guarantors] [and] [the Sub-Tenants' Guarantors]]

WHEREAS:-

- (A) The Landlords are the landlords under the Lease;
- (B) The Tenants are the tenants under the Lease;
- (C) The Sub-Tenants are the tenants under the Sublease;
- [(D) The Tenants' Guarantors are the guarantors of the tenants' obligations under the Lease;]
- [(E) The Sub-Tenants' Guarantors are the guarantors of the tenants' obligations under the Sublease;]
- [(F)] The Sub-Tenants have requested, and the Landlords and the Tenants have granted, consent to the Works on the conditions set out below.

IT IS AGREED by the Parties as follows:-

1. Definitions and Interpretation

1.1 Definitions

In this Agreement:-

"CDM Regulations" means the Construction (Design and Management) Regulations 2007;

"Lease" means the lease between [] and [] dated [] and registered in the Books of Council and Session on [] [and also recorded in the Division of the General Register of Sasines for the County of [] on []

[the tenants' interest in which is registered in the Land Register of Scotland under Title Number []];

"Parties" means the Landlords, the Tenants [and] the Sub-Tenants [and] [the Tenants' Guarantors][and] [the Sub-Tenants' Guarantors];

"Property" means ALL and WHOLE [] being the subjects more particularly described in the Sublease;

"Schedule" means the schedule annexed to this Agreement;

"Sublease" means the sublease between [] and [] dated [] and registered in the Books of Council and Session on [] [and also recorded in the Division of the General Register of Sasines for the County of [] on [] [the tenants' interest in which is registered in the Land Register of Scotland under Title Number []];

["Sub-Tenants' Guarantors" means [], incorporated under the Companies Acts (Registered Number []) and having their Registered Office at [];

["Tenants' Guarantors" means [], incorporated under the Companies Acts (Registered Number []) and having their Registered Office at [];

"Term" means the term of the lease in question together with any continuation whether by Act of Parliament, tacit relocation or otherwise;

"Verifier" means a verifier as defined in the Building (Scotland) Act 2003;

"Works" means the works shown on the drawings [and specification] set out in Part 2 of the Schedule.

1.2 Interpretation

Save to the extent that the context or the express provisions of this Agreement otherwise requires, in this Agreement:-

- 1.2.1 words importing any gender shall include all other genders;
- 1.2.2 words importing the singular number only shall include the plural number and *vice versa*;
- 1.2.3 where at any one time there are two or more persons included in the expression "Tenants" (as tenants under the Lease) or "Sub-Tenants" [or "Tenants' Guarantors"] [or "Sub-Tenants' Guarantors"] obligations contained in this Agreement which are expressed to be made by the party denoted by the expression in question shall be binding jointly and severally on them and their respective executors and representatives whomsoever without the necessity of discussing them in their order;
- 1.2.4 words importing individuals include corporations and *vice versa*;
- 1.2.5 references to this Agreement or to any other document shall be construed as reference to this Agreement or to that other document as modified, amended, varied, supplemented, assigned, novated or replaced from time to time;

- 1.2.6 any reference to a Clause, Schedule or Part of the Schedule is to the relevant Clause, Schedule or Part of the Schedule of or to this Agreement;
- 1.2.7 reference to any statute or statutory provision (including any subordinate legislation) includes any statute or statutory provision which amends, extends, consolidates or replaces the same, or which has been amended, extended, consolidated or replaced by the same, and shall include any orders, legislation, instruments or other subordinate legislation made under the relevant statute or statutory provision;
- 1.2.8 any phrase introduced by the words "including", "include", "in particular" or any similar expression shall be construed as illustrative only and shall not be construed as limiting the generality of any preceding words;
- 1.2.9 any obligation on, or right granted or reserved to, the Landlords or the Tenants (as landlords under the Sublease) may be fulfilled or exercised by managing agents in place of or in addition to the Landlords or the Tenants, as the case may be; and
- 1.2.10 references to "tenants" in clauses [3 to 8 inclusive] and in Part 1 of the Schedule shall be construed as references to the Tenants (in respect of the Lease) and the Sub-Tenants (in respect of the Sublease), references to "landlords" shall be construed as references to the Landlords (in respect of the Lease) and the Tenants (in respect of the Sublease), and references to "lease" shall be construed as references to the Lease or the Sublease, as appropriate.

1.3 **Headings**

The headings in this Agreement are included for convenience only and shall be ignored in construing this Agreement.

1.4 **Schedule**

The Schedule forms part of this Agreement.

2. **Grant of Consent**

Subject always to the terms and conditions specified or referred to in this Agreement, the Landlords CONSENT to the Tenants, and the Tenants CONSENT to the Sub-Tenants, carrying out the Works.

3. **Obligations in respect of Works**

The tenants will:-

- 3.1 comply in all respects with the conditions set out in Part 1 of the Schedule.
- 3.2 indemnify the landlords against any charge to tax and any interest and penalties payable in respect of or arising out of the Works.

4. **Leasehold Obligations**

On completion of the Works, all the obligations of the tenants contained in the lease [and the obligations of any guarantors] shall apply *mutatis mutandis* to the Property in its then altered state.

5. **Rent Review**

Any effect on rental value attributable to the Works shall be [disregarded][taken into account] for the purposes of the rent review provisions in the lease.

6. **Reinstatement at Expiry**

At the end of the Term or the earlier termination of the lease (howsoever arising), if and to the extent required by the landlords in accordance with the provisions of the lease, the tenants shall at their own cost reinstate and make good the Property in compliance with:-

6.1 the provisions of the lease; and

6.2 the conditions set out in Part 1 of the Schedule as if references in that Part of the Schedule to the Works were references to the works for such reinstatement and making good.

7. **Irritancy**

The rights of irritancy contained in the lease shall be exercisable not only in the event of any breach by the tenants of the obligations of the tenants contained in the lease but also in the event of any breach of any of the obligations of the tenants contained in this Agreement.

8. **Rights of Others**

This Agreement is granted subject to the rights of the owners, tenants and occupiers of all adjoining and neighbouring premises, whose rights must not be infringed by the tenants.

9. **Costs**

9.1 The Sub-Tenants will pay the costs and expenses reasonably and properly incurred by the Landlords, the Tenants and their respective solicitors, [architects] and surveyors in connection with:-

9.1.1 the approval of the Works;

9.1.2 the preparation, execution and completion of this Agreement; and

9.1.3 the inspection and approval of the Works during the course of the Works and after the completion of the Works.

9.2 The Sub-Tenants will pay the costs of registering this Agreement in the Books of Council and Session and obtaining [four] extracts ([two] for the Landlords [one] for the Tenants and [one] for the Sub-Tenants).

10. **[Guarantors' Consent**

The [Tenants' Guarantors] [and] [the Sub-Tenants' Guarantors]:-

10.1 consent to the terms of this Agreement; and

10.2 acknowledge that the guarantees and undertakings given by them in relation to the performance of [the Tenants' obligations under the Lease] [and] [the Sub-Tenants' obligations under the Sublease] remain in full force and effect.]

[11.] **Landlords' entitlement to enforce Sublease**

Insofar as the Lease or the Sublease entitles the Landlords to enforce directly the obligations of the Sub-Tenants under the Sublease, the Landlords shall be entitled (but not bound) to enforce directly the obligations of the Sub-Tenants under this Agreement, but without prejudice to the Landlords' rights against the Tenants.

[12.] **Obligations of Tenants and Sub-Tenants**

The Sub-Tenants acknowledge that the intention of this Agreement is to impose on the Sub-Tenants obligations to the Tenants which mirror exactly those imposed on the Tenants to the Landlords, and to that end the Sub-Tenants undertake to the Tenants to comply with all obligations under this Agreement so that the Tenants are fully and effectively indemnified by the Sub-Tenants in respect of the performance of all obligations imposed on the Tenants (as tenants under the Lease) under this Agreement.

[13.] **No Warranty**

No representation or warranty is given or implied on the part of the Landlords or the Tenants (as tenants under the Lease) as to either the suitability of the Property (or any building of which it forms part) for the Works, or as to whether the Works or any removal or reinstatement of them may be lawfully carried out.

[14.] **Ratification of Lease**

Except in so far as amended by this Agreement, the Parties for their respective interests therein (if any) confirm that the whole provisions of the Lease and the Sublease shall remain in full force and effect.

[15.] **Consent to Registration**

The Parties consent to the registration of this Agreement for preservation and execution:
IN WITNESS WHEREOF

This is the Schedule referred to in the foregoing Licence for Works Agreement among [] [] [and] [] and [] [with consent of []]

Part 1

Conditions

1. Insurance:

- 1.1 In carrying out the Works to take such action as the landlords or their insurers may require to ensure that the landlords' insurances are not rendered void or voidable or the policy monies under them withheld in whole or in part.
- 1.2 To produce, if requested by the landlords or their insurers, a written certificate of value of the Works for insurance purposes.
- 1.3 To pay to the landlords any increased or extra premium payable for insurance of the Property and any other adjoining or neighbouring premises owned or occupied by the landlords as a result of the carrying out of the Works.
- 1.4 At the commencement, and throughout the carrying out, of the Works, to procure that the tenants' contractors have in force the normal contractual insurances (including suitable public liability cover), and, in so far as any risks which are likely to arise from the carrying out of the Works are not already covered by the insurances effected in terms of the lease or this Agreement, to insure or cause to be insured such risks (in so far as they can reasonably be insured) to the reasonable satisfaction of the landlords and on request to produce to the landlords the policy or policies of such insurance together with receipts for the current premiums.

2. Consents:

At the tenants' own expense:-

- 2.1 prior to the commencement of the Works to obtain all necessary statutory and other third party consents (including, if required, planning permission and building warrant) in relation to the carrying out of the Works and to produce copies of them (together with all docketed drawings) to the landlords;
- 2.2 to comply with all conditions attaching to such consents; and
- 2.3 within one month after completion of the Works to submit a completion certificate to the Verifier and as soon as received from the Verifier to produce of copy of the notice of acceptance of a completion certificate and a copy of the original completion certificate to the landlords.

3. Statutory Requirements:

To comply with all applicable general or local Acts of Parliament, bye-laws, orders, instruments and regulations made under them and the regulations made by and the requirements of the local and any other requisite authority including, in so far as they apply to the Works, the Control of Asbestos Regulations 2006 (in pursuance of which the tenants shall deliver to the landlords upon request all requisite asbestos records and treatment plans) and the CDM Regulations and:-

- 3.1 where the CDM Regulations do apply:-
 - 3.1.1 prior to the commencement of the Works, to make or procure that a declaration is made to the Health & Safety Executive that the Sub-Tenants are the sole client in respect of the Works for the purposes of the CDM Regulations;
 - 3.1.2 to give to the Landlords and the Tenants a copy of such declaration and the acknowledgement of it from the Health & Safety Executive; and
 - 3.1.3 to supply to the Landlords and the Tenants a copy of the Health & Safety file (duly completed in accordance with the CDM Regulations) forthwith upon the completion of the Works;
- 3.2 where the CDM Regulations do not apply, supply to the landlords such drawings and other information as the landlords may reasonably require in relation to the Works in order to allow the landlords to update the Health & Safety file for the Property (or any building of which it forms part).

4. **Notification:**

To notify the landlords or their surveyors in writing not less than [seven] days prior to the date of commencement of the Works and immediately after the Works have been completed.

5. **Timescale:**

To commence the Works (if not already commenced) within [three] months from the last date of execution of this Agreement and to complete the Works within [six] months from the last date of execution of this Agreement.

6. **Conduct of Works:**

- 6.1 At the tenants' own expense to carry out the Works in a proper and workmanlike manner with good quality materials all to the reasonable satisfaction of the landlords or their surveyors [and/or architects][and/or engineers] and to the satisfaction of the local and any other requisite authority, and, where an appropriate British Standard Specification or British Standard Code of Practice issued by the British Standards Institution is current at the last date of execution of this Agreement, to procure that all goods and materials used or supplied are, and all workmanship is, in accordance with that standard.
- 6.2 To carry out the Works with the least inconvenience, disturbance or disruption reasonably practicable to the landlords and to the owners or occupiers of adjoining or neighbouring premises and to make good to the reasonable satisfaction of the landlords all damage arising out of or incidental to the Works including any damage to such adjoining or neighbouring premises.
- 6.3 To take all proper precautions during the progress of the Works to ensure that the safety of the structure of the Property (or any building of which it forms part) is not endangered in any way.

7. **Inspection:**

To permit the landlords and their surveyors [and/or architects][and/or engineers] at all reasonable times to inspect the progress of the Works and the quality of the materials and workmanship used.

8. **Landlords' Notices:**

- 8.1 To carry out and complete such works and to do such things as the landlords acting reasonably may specify in a notice in writing to the tenants as being necessary to comply with the obligations on the part of the tenants contained in this Agreement.
- 8.2 Failing the carrying out and completion of such works and the doing of such things within two months after such notice (or within such other reasonable period as may be specified in such notice having regard to the nature and extent of the outstanding works or things) to:-
- 8.2.1 permit the landlords to carry out all or any of such works and do all or any of the things specified in such notice; and
- 8.2.2 pay to the landlords on demand the properly incurred cost of carrying out and completing such works or doing such things with interest thereon at the rate specified in the lease as applicable to unpaid rent from the date or dates of disbursement by the landlords until settlement of them.

9. **Indemnity:**

To indemnify the landlords (except in so far as covered by the insurances referred to in the lease and in Condition 1 of this Part of the Schedule) effectually against:-

- 9.1 all actions or other proceedings, costs, claims, losses and demands howsoever arising in relation to the carrying out and completion of the Works; and
- 9.2 any liability whatsoever due to any requirements of the Health and Safety at Work Etc Act, 1974 by reason of or arising out of the Works.

Part 2

Drawings [and specification] showing the Works