LICENCE FOR WORKS AGREEMENT

between

[ ] LIMITED

and

[ ] LIMITED

[with the consent of

[ ] LIMITED]

Property: [ ]

Version 9
March 2008

LICENCE FOR WORKS AGREEMENT

between

[ ] 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"**)

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 Lease (**"Tenants"**)

[with the consent of the Guarantors]

WHEREAS:-

(A) The Landlords are the landlords under the Lease;

(B) The Tenants are the tenants under the Lease;

(C) [The Guarantors are the guarantors of the tenants' obligations under the Lease;]

[(D)] The Tenants have requested, and the Landlords 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;

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

"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 [ ]] [and the Tenant's interest in which is registered in the Land Register of Scotland under Title Number [ ]];

"Parties" means the Landlords [and] the Tenants [and the Guarantors];

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

"Schedule" means the schedule annexed to this Agreement;

"Term" means the term of the Lease 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" [or "Guarantors"] obligations contained in this Agreement which are expressed to be made by the Tenants [and/or the Guarantors] 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; and

1.2.9 any obligation on, or right granted or reserved to, the Landlords may be fulfilled or exercised by managing agents in place of or in addition to the Landlords.

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 carrying out the Works.

3. **Tenants' Obligations**

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. **Lease Obligations**

On completion of the Works, all the Tenants' obligations contained in the Lease [and all the Guarantors' obligations] will 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 Landlords' right of irritancy contained in the Lease shall be exercisable not only in the event of any breach by the Tenants of the Tenants' obligations contained in the Lease but also in the event of any breach of any of the Tenants' obligations 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 Tenants will pay the costs and expenses reasonably and properly incurred by the Landlords, their 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 Tenants will pay the costs of registering this Agreement in the Books of Council and Session and obtaining [three] extracts ([two] for the Landlords and [one] for the Tenants).

10. **[Guarantors' Consent**

The Guarantors

10.1 consent to the terms of this Agreement; and

10.2 acknowledge that the guarantees and undertakings given by them shall be exercisable not only in relation to the performance of the Tenants' obligations under the Lease but also in relation to the performance of the Tenants' obligations under this Agreement.]

[11.] **No Warranty**

No representation or warranty is given or implied on the part of the Landlords 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.

[12.] **Ratification of Lease**

Except in so far as amended by this Agreement, the Parties confirm that the whole provisions of the Lease shall remain in full force and effect.

[13] **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 between [ ] 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 docquetted 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 a 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 will deliver to the Landlords on request all requisite asbestos records and treatment plans) and the CDM Regulations and:

3.1 where the CDM Regulations do apply:-

3.1.1 the Tenants elect to be the sole client in respect of the Works for the purposes of the CDM Regulations;

3.1.2 where the Works are notifiable in terms of the CDM Regulations to procure that the CDM co-ordinator properly notifies the Works to the Health & Safety Executive and to forward a copy of the notification to the Landlords within three working days of it being sent to the Health and Safety Executive;

[3.1.3 to [prepare,] review and update the Health & Safety file (as defined in the CDM Regulations) properly in accordance with the CDM Regulations and to supply to the Landlords a copy of the Health & Safety file (duly completed in accordance with the CDM Regulations) forthwith upon the completion of the Works;] *[Note: Use this wording where the Tenants are responsible for maintaining the health and safety file – this will probably be the case where the property has a single tenant.]*

[3.1.3 to supply all information necessary to enable the Landlords to keep the Health & Safety file up to date; *[Note: Use this wording where the landlord is responsible for maintaining the health and safety file – this will probably be the case for a multi-let property.]*

3.2 where the CDM Regulations do not apply, to 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);

3.3 to procure that copyright licences are obtained so that all the material in the Health & Safety file may be copied and used by the Landlords or any other party to enable them to comply with their duties under the CDM Regulations and for other related purposes.

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 due to any requirements of the Health and Safety at Work Etc Act, 1974 by reason of or arising out of the Works other than any criminal sanctions imposed by the court under this legislation.

Part 2

Drawings [and specification] showing the Works