

ASSIGNATION

Guidance Notes



Introduction

This Assignment can be used for a simple assignment of a lease and also provides for variations to the lease to be made (see Clause 5) where the Landlords have agreed a change of use for example.

The Landlords' consent to the assignment can be evidenced in the Assignment (see Clause 8) or if the Landlords do not wish to be a party to the Assignment their consent can be evidenced separately by letter of consent. If there are to be variations of the lease the Landlords will need to be a party to the Assignment.

The Assignment proceeds on the basis that the Assignors will be released from all liability to the Landlords with effect from the Date of Entry. The Assignees take on liability for all tenants' obligations under the Lease both before and after the Date of Entry but will have a personal right against the Assignors for any liability arising as a result of a breach of obligation prior to the Date of Entry, although this is restricted to monetary obligations as explained below..

1 **Preamble**

If the Landlords are not to be a party to the Assignment delete the wording in square brackets "[with consent of the Landlords]" where it appears after the designation of the parties and amend the definition of Parties appropriately.

If there are no guarantors delete the definition of Guarantors, paragraph (C) in the preamble and any other consequential references.

2 **Clause 1 Definitions**

Delete those definitions that do not apply to your transaction eg Guarantors, Price, Schedule and Sub-Leases.

Although the PSG do not consider it necessary, you can if you wish refer to all the letting documentation, in which case the definition "Lease" should be amended accordingly and the letting documentation listed in the schedule.

3 **Clauses 3 & 4 Assignees' Obligations and Indemnity by Assignors**

The Assignees take on full liability for the performance of all of the tenants' obligations under the Lease in Clause 3 but are indemnified by the Assignors for any monetary payments arising prior to or at the Date of Entry. The PSG do not consider it appropriate to extend the Assignors' indemnity beyond monetary obligations, as issues such as breach of the lease by the Assignors, surveys etc. should be dealt with in the contract between the Assignees and the Assignors, and it is not appropriate (nor indeed expected in practice) that the Assignors should have any future contingent liability for, for example, dilapidations arising prior to the Date of Entry. The Assignors are discharged from all liability to the Landlords from the Date of Entry.

4 **Clause 5 Variations**

If the Parties have agreed that there should be any variations to the Lease (for example change of use) full details will need to be set out in the Schedule.

5 **Clause 6 Costs**

Amend 6.1 and 6.4 by the deletion of wording in square brackets as appropriate depending on who is to pay the Landlords' costs and whether the Assignment will be registered in the Land Register.

When the Lease is a lease on which LBTT was paid the tenants must make an additional LBTT return on an assignation of the Lease. This return will refer to the period of the Lease from the date of the last LBTT return to the Date of Entry under the Assignment. If any additional LBTT arises for that period, this should be the outgoing tenants' (Assignors') liability.

Where the Assignors are paying the Price, no LBTT will be payable and Clause 6.3 should be deleted. However, if the Assignees are paying the Price, LBTT will be payable by them and Clause 6.3 should remain.

6 **Clause 8 Landlords' Consent**

Delete if the Landlords are not a party to the Assignment.