

## LEASE AND PROPERTY TRANSACTION GLOSSARY

<b>Lease:</b>	the agreement between the Landlord and the Tenant granting the Tenant the right to use the property in exchange for payment of the Rent.
<b>Landlord:</b>	the owner of the property in respect of which the Lease is granted to the Tenant.
<b>Tenant:</b>	the party to whom the Lease is granted.
<b>Party/party:</b>	a phrase typically used to refer to the Landlord, Tenant or (where applicable) a Guarantor without having to name them specifically.
<b>Guarantor:</b>	someone who is obliged to comply with Lease obligations if the Tenant fails to do so.
<b>Rent:</b>	the annual sum paid by the Tenant to the Landlord in return for the use of the property (usually payable quarterly).
<b>Rent Review:</b>	depending on the Term, the Lease may provide for the rent to be reviewed at intervals (eg every 5 years). The method of calculating the new rent will be set out in these provisions.
<b>Quarter days:</b>	the "usual" quarter days are 28 February, 28 May, 28 August and 28 November. This term is usually used when describing when any rent is due in a lease.
<b>Premium:</b>	a lump sum of money or services that have a value, which the Tenant might give to the Landlord for the Lease.
<b>Ground Rent:</b>	sometimes used to describe a low rent (peppercorn rent) payable each year to a Landlord of a long lease.
<b>Term:</b>	this is the length of time that the Tenant will have its interest in the property (no longer than 175 years).
<b>Heads of Terms:</b>	a short summary of the main terms of the Lease, usually agreed before a first draft of the Lease is prepared (neither party is obliged to proceed with the Lease at that stage).
<b>Agreement for Lease/Development Agreement:</b>	this document is usually used where works need to be completed before a lease is granted.
<b>Repair:</b>	common law obliges the Landlord to keep the property wind and watertight. This obligation is usually displaced in the full repairing and insuring lease which obliges the Tenant to repair the property.

<b>Schedule of Condition:</b>	documents the state of repair of the property let to the Tenant at Lease commencement and limits the Tenant's repairing obligation (used in certain circumstances).
<b>Use:</b>	the way that the Tenant can use and occupy property is often restricted by the terms of the Lease.
<b>Common Parts:</b>	if the property let to the Tenant is part of a larger building these are the parts not let to the Tenant but which the Tenant shares with other tenants and is used for enjoyment of the property.
<b>Reserved Rights:</b>	rights enjoyed by the Landlord over the property let to the Tenant.
<b>Service Charge:</b>	the Tenant pays this to the Landlord in respect of maintenance and repair of the Common Parts.
<b>Rei Interitus:</b>	in Scotland, if a property under a lease is destroyed the lease automatically terminates. (This may also be possible if part of the property is destroyed.) The doctrine of rei interitus is usually excluded by the agreement; the Lease regulating rebuilding, etc by the Landlord in the event of insured risk damage, with termination rights in the event of failure to build within a specified period.
<b>Rent Abatement:</b>	normally granted to the Tenant in the event of damage to the property which renders it unusable.
<b>Break Option:</b>	the ability to end the Lease early – exercisable by one or either party (depending on what was negotiated at Heads of Terms stage).
<b>Irritancy:</b>	refers to the premature termination of the Lease by the Landlord where the Tenant has failed to comply with one or more of its obligations under the lease. The grounds for irritancy will almost always be set out in the Lease; they include non-payment of rent, breach of one or more of the conditions under the Lease or the Tenant's insolvency.  Irritancy is the Scottish equivalent of the English right of forfeiture.
<b>Tacit relocation:</b>	the continuation of a lease after its expiry by operation of law because neither party has taken steps to terminate the lease. (For 1 year if the Term is for 1 year or more or for a period equivalent to the Term if the lease is shorter than a year.)
<b>Vacant Possession:</b>	the Landlord is usually obliged to grant this to the Tenant, ie no hindrances.
<b>Warrantice:</b>	a landlord (or seller) warranty eg if the Tenant or purchaser is prevented from enjoying the property that person can make a claim against the Landlord/Seller.
<b>Back Letter:</b>	a letter granted by the Landlord to the Tenant which grants rights to the Tenant (eg break options), which

	rights are not assignable, and which are kept confidential. (Sometimes referred to as a “side letter”.)
<b>Licence for Works:</b>	agreement by the Parties on any Tenant alterations to the property, regulating how the works should be carried out and how these works are treated at the end of the Lease.
<b>Renunciation:</b>	where the Tenant renounces its interest in the Lease prior to its expiry (with the Landlord’s agreement).
<b>Option to purchase:</b>	in community asset transfers, the Tenant may be able to negotiate an option to purchase the property from the Landlord on certain specified terms.
<b>Assignment:</b>	the transfer of the Tenant’s interest in the Lease. (The Tenant’s ability to transfer its interest is often subject to certain conditions set out in the Lease.)
<b>Assignee:</b>	the person to whom the Tenant’s interest in the Lease is transferred on an Assignment (i.e. the incoming tenant)
<b>Assignor:</b>	the person transferring their interest in the Lease (i.e. the outgoing tenant)
<b>Sub-Lease:</b>	<p>an agreement between the Tenant and a sub-tenant whereby the Tenant grants a right to use the property in exchange for the rent. Landlord’s consent is usually required to any sub-lease.</p> <p>If a head lease falls for any reason whatsoever, so does the Sub-Lease. The Landlord, Tenant and Sub-Tenant may, however, agree a document stating that the Sub-Lease will not fall on irritancy of the Lease (Head Lease). This document is called an irritancy protection agreement.</p>
<b>Head Lease:</b>	the Lease granted to the Tenant under which the Tenant has granted the Sub-Lease.
<b>Head Landlord:</b>	this is the person/body who owns the property and granted the Lease to the Tenant.
<b>Sub-Tenant:</b>	the tenant of the Sub-Lease
<b>Summary Diligence:</b>	sometimes used by the Landlord to recover sums not paid by the Tenant if the Lease has been registered in the Books of Council and Session.
<b>Title:</b>	will either be registered in the Land Register and evidenced by the “Title Sheet”, or recorded in the Register of Sasines, in which case the title deeds (which prove ownership of the property and contain information about the property) should be made available by the seller’s, or the Landlord’s, solicitor.
<b>Title Number:</b>	when a property is registered, the Land Register gives it a unique reference number called a Title Number. It starts with some letters which are based on the area in

	which the property is situated e.g. "GLA" for Glasgow.
<b>Registers of Scotland:</b>	is a government department that holds the records of all registered land in Scotland and records dealings with registered land. If the property is registered in the Land Register, ownership is warranted by the State (unless limited or excepted eg by reason of title defect).
<b>Title plan:</b>	this may be an Ordnance Survey plan that shows the extent of the property referred to in a specific Title Number. (If the property is not yet registered in the Land Register it may simply be a plan annexed to a title deed, or the Property may even be described verbally and without reference to a plan.) (Properties are now being plotted by the Land Register on a cadastral map (showing legal title).)
<b>Title Conditions/Real Burdens:</b>	these are obligations/restrictions, which affect the property with which the Tenant will require to comply under the Lease.
<b>Dominant Tenement:</b>	the Benefited Property (or Dominant Tenement) is property benefiting from a real burden, or a servitude (the Scottish equivalent of the English easement or right over land) over neighbouring land. The land or property which is burdened is called The Burdened Property (or Servient Tenement). This terminology is more often found on title examination, however, the Tenant under a lease will be obliged to comply with the title conditions (real burdens) imposed upon the Landlord as owner of the property.
<b>Standard Security:</b>	a fixed charge granted by the owner of a property or a party with an interest in a lease of over 20 years - gives the creditor rights to enforce eg "calling up" the security and selling the property.
<b>Heritable Creditor:</b>	the party with a Standard Security (fixed charge) over the property. This party's consent is required to the grant of a lease.
<b>Searches/Legal Reports:</b>	will be obtained by the seller's, or the Landlord's, solicitor and should evidence ownership and hopefully a clear title. (Charges Searches may also be obtained.) Searches will also be obtained relative to eg (a) water and drainage; (b) environmental matters; (c) road adoption and (d) planning and building consents, etc.
<b>Coal Report:</b>	this search provides details of past, present and future coal mining activity at the property. The search also indicates if there are mine shafts on the property and whether any mining activities may cause subsidence.
<b>Energy Performance Certificate:</b>	this is a certificate that provides a measure of the property's energy and its impact on the environment, and includes suggestions or ways in which this impact can be reduced.

<b>Disbursements:</b>	the term relates to those costs that a solicitor incurs on behalf of a Tenant but which are payable to third parties. Examples include Land and Buildings Transaction Tax, Land Register and search fees.
<b>Land and Buildings Transaction Tax (LBTT):</b>	this is the tax payable to Revenue Scotland on the purchase of a property or on the grant of a lease (thresholds apply). It is payable on submission of the return, which must be within 30 days of the effective date of the transaction (usually when the transaction is “settled”, or “completed” (but not always)). In the case of leases, there is a calculation based on the rent due, and returns are due every 3 years, on assignation and at lease end. If there is a Premium, LBTT is payable at purchase rates. We would anticipate that most charitable organisations will claim relief in respect of any tax that might otherwise be payable.
<b>Missives:</b>	the contract between the Parties consisting of formal letters exchanged by their solicitors. Conclusion of missives represents the contract between the Parties (to the Lease or a purchase.)
<b>Settlement/Completion:</b>	means the date of entry under the Lease, or to the property, eg when the price is paid.