

Meeting of the Board of Governors

4.00 - 5.00 pm on Thursday, 24 June 2021
in MS Teams

Supplement

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
7.	Supplement - final draft HoT and exclusivity agreement	3 - 28	PI

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	CONFIDENTIAL
Paper title:	Final draft Heads of Terms
Board/Committee:	London Realty proposal sub-committee
Date of meeting:	19 July 2021
Sponsor(s):	Paul Ivey, Deputy Vice Chancellor and Chief Business Officer
Purpose:	For Approval
Recommendation:	The sub-committee is requested to consent on behalf of LSBU to SBC entering into the updated Heads of Terms with Thornton Park Southside Ltd, and to consent to the exclusivity agreement.

Executive summary

At its meeting of 24 June 2021, the Board delegated final approval of the Heads of Terms to a sub-committee of the Chair of the Board, the Chair of MPIC, the Chair of FPR and the Vice Chancellor to give prior consent to SBC to any subsequent substantive variation to the agreed Heads of Terms, and to consent to any related agreements.

The final version of the Heads of Terms, showing changes from the Board meeting, is attached.

Eversheds have confirmed that Sarah Maylor (Partner at Eversheds) and Paul McLean (Principal Associate at Eversheds) have both reviewed the Heads of Terms.

An exclusivity agreement, also attached, has been negotiated for a period of four months.

A review of cashflow was circulated to the Board on 25 June 2021, as requested by the CFO.

Recommendation

The sub-committee is requested to consent on behalf of LSBU to SBC entering into the updated Heads of Terms with Thornton Park Southside Ltd, and to consent to the exclusivity agreement.

HEADS OF TERMS

Proposed development of Clapham Common Campus and Plot C Belmore Street, Vauxhall

Date: 30 June 2021 (~~v6~~v7)

1. **Property Details**

1.1 **Properties**

Property 1

Freehold land being the land registered at the land registry under title number TGL150604 (Appendix 1) and known as:

45 Clapham Common Southside
London
SW4 9BL

Comprising of buildings identified within the attached "Appendix 2 Existing Clapham Site Plan" as:

Phase 1 – Block A, Sports Hall and Carpark; and

Phase 2 – Blocks B, C and S.

Property 2

Freehold land, outlined in red as identified within "Appendix 3 - Plot C", being part of the land registered at the land registry under title number TGL149378 (Appendix 4) and known as:

Vauxhall Centre (Plot C)
Belmore Street
London
SW8 2JY

Comprising of one Plot C as identified within the attached "Appendix 5 – Vauxhall Masterplan".

The Properties are being sold with Freehold tenure.

1.2 **Vendor**

South Bank Colleges (CRN 11495376)
103 Borough Road
London
SE1 0AA

For the attention of: Professor Paul Ivey
Tel: 0207 815 6002
Email: iveyp@lsbu.ac.uk

1.3 Purchaser

Thornton Park Southside Limited (CRN11612800)
30/34 North Street
Hailsham
East Sussex
BN27 1DW

For the attention of: Roger Williams
Tel: 0203 745 2174
Email: roger@londonrealty.co.uk

1.4 Purchase Price

£94,000,000 exclusive of VAT and made up as follows:

1.4.1 Phase 1 – total of £33,564,731.00 apportioned:

1.4.1.1 £33,564,731.00 paid on Legal Transfer of Phase 1, comprising land associated with "Appendix 2 – Existing Clapham Site Plan" and land identified in "Appendix 3, Plot C" in Vauxhall; [NB: Apportioned as to £17,489,731.00 in respect of Phase 1 and £16,075,000 to be held on escrow (see para 1.4.1.3) in respect of the Gateway Centre];

1.4.1.2 The Purchaser will design and build a 6,387m² turnkey development known as Building 5 (Gateway Centre);

1.4.1.3 £16,075,000 (which shall be ~~deduced~~deducted from the payment made in para 1.4.1.1) will be placed in an escrow account in support of the new Building 5 (Gateway Centre), drawn down on application. The escrow account will be held by an escrow agent in the joint names of the Vendor and the Purchaser.

The freehold associated with Building 5 (Gateway Centre) will be gifted back to the Vendor.

1.4.2 Phase 2 – total of £60,435,269.00 apportioned:

1.4.2.1 £60,435,269.00 paid on Legal Transfer of Phase 2, comprising of land associated with "Appendix 2 – Existing Clapham Site Plan";

1.4.2.2 Building 1 - £36,832,581;

1.4.2.3 Building 2 - £23,602,688.

1.4.3 Total cash sum payable (minus the funds paid into the Escrow account by the Vendor to pay for the [building of the](#) Gateway Centre) for Phase 1 and Phase 2 - £77,925,000.

1.4.4 The Vendor has not elected to charge VAT and will make no election to do so in respect of this transaction. [To be confirmed]

1.4.5 A refundable deposit of £500,000 is payable on exchange of contract to be held as Stakeholder.

Note: In the event that Planning Approval for Property 1 is stalled but Property 2 is complete a Legal Transfer can occur at Vauxhall for Plot C identified in "Appendix 3, Plot C" for the sum of £25,278,483.00.

2. Other Details

2.1 Vendor's Solicitor

Eversheds Sutherland (International) LLP
Bridgewater Place
Water Lane
Leeds
West Yorkshire
LS11 5DR

For the attention of: Charlotte Tanikal
Tel: 0113 200 4024
Email: charlottetanikal@eversheds-sutherland.com

2.2 Purchaser's Solicitor

Brecher
4th Floor
64 North Row
London
W1K 7DA

For the attention of: Thelma Marshall
Tel: 0207 563 1022
Email: tmarshall@brecher.co.uk

3. Conditional Agreements

3.1 Property 1

- 3.1.1 It has been agreed that the Vendor and the Purchaser will use reasonable endeavours to enter into a conditional contract, conditional upon planning permission being obtained for the redevelopment of Property 1, to include 4 Residential Buildings and a Gateway Centre. The conditional contract will include the terms set out in this clause 3.1.
- 3.1.2 The Purchaser will use [all] reasonable endeavours to obtain planning permission for the redevelopment of Property 1 which must include the College building, which must be at least 6,000 square metres. The list of Vendor and Purchaser onerous conditions will need to be agreed as part of the negotiation of the contract.
- 3.1.3 Following receipt of a satisfactory planning permission, the Purchaser shall complete on Phase 1, comprising of land associated with "Appendix 2 – Existing Clapham Site Plan" and land identified in "Appendix 3, Plot C" in Vauxhall.
- 3.1.4 The Vendor is to provide vacant possession of Phase 1, comprising of land associated with "Appendix 2 – Existing Clapham Site Plan" and land identified in "Appendix 3, Plot C" Vauxhall at the end of [September 2022] subject to Practical Completion of building (Block A) at Vauxhall.
- 3.1.5 The Vendor is to provide vacant possession of Phase 2 at the end of [September 2024] subject to completion of buildings (Blocks B & D) at Vauxhall.

3.2 **Property 2**

- 3.2.1 The conditional contract to be entered into by the Vendor and the Purchaser will also be conditional upon planning permission being obtained for the development of Block C within the existing envelope of the current outline planning consent for residential use. The conditional contract will include the terms set out in this clause 3.2.
- 3.2.2 The Purchaser will use all reasonable endeavours to obtain planning permission for the development of Block C. The list of Vendor and Purchaser onerous conditions will need to be agreed as part of the negotiation of the contract.
- 3.2.3 Following receipt of a satisfactory planning permission, the Purchaser shall complete the purchase of the land associated to Plot C identified in Appendix 3 at Vauxhall.

3.3 **Gateway Centre**

- 3.3.1 The conditional contract to be entered into by the Vendor and the Purchaser will also deal with the Vendor being gifted the freehold interest in the Gateway Centre on completion of the sale of Phase 1 of Property 1.
- 3.3.2 In addition, £16,075,000 will be placed in an escrow account by the Vendor in support of the new Block 5 (Gateway Centre), and will be drawn down by the Purchaser on application. The escrow account will be held by an escrow agent.
- 3.3.3 The conditional contract will need to include:
- 3.3.3.1 the right for the Vendor to step-in; and
 - 3.3.3.2 the development obligations of the Purchaser.
- 3.3.4 The Purchaser must ensure that the Gateway Centre is a turnkey development.
- 3.3.5 The Purchaser must provide the Vendor with a full suite of warranties and the Vendor (who shall act reasonably and expeditiously) shall be allowed to approve the building contractor and professional team and the construction documents.
- 3.3.6 The sale contract will need to deal with the vehicular and pedestrian rights of access for the Purchaser to access the Gateway Centre post Practical Completion.
- 3.3.7 Following Practical Completion of Building 5 the Gateway Centre, Phase 2 shall take place, subject to completion of buildings (Blocks B & D) at Vauxhall.

4. **Planning**

4.1 **Property 1 - Planning**

- 4.1.1 The Purchaser is intending to submit a full planning application for a multiphase development comprising the erection of four residential (Use Class C3) buildings alongside a new gateway education facility to be utilised by the Vendor.
- 4.1.2 Initial target date for planning is September 2022. To be extended to [December 2022] [or such other date as the parties acting reasonably shall agree](#) in the event of planning delays (for example appeal, proceedings etc).

4.1.3 The following points should be considered in the planning application for Property 1:

4.1.3.1 any conditions / planning obligations should be drafted so as to permit delivery of the development on a phased basis. If there is to be any inter-dependency between the various phases (for example a site wide planning condition) there will need to be contractual protection for the Vendor to ensure that responsibility for compliance with / discharge of the relevant matter is apportioned to enable the education development to come forward independently of the residential units;

4.1.3.2 the responsibility for any CIL / S106 liability should be at the Purchaser's cost. An indemnity may be required to ensure that the Vendor has sufficient protection in the event of any failure to pay CIL / S106 liability;

4.1.3.3 the Vendor must approve the planning application in relation to the education facility and be invited to take part in all discussions and decisions regarding the education facility;

4.1.3.4 the Vendor will provide a list of onerous conditions in relation to the education facility;

~~4.1.3.4~~4.1.3.5 the Purchaser will provide a list of onerous conditions in relation to the development other than the education facility.

4.2 **Property 2 – Planning**

4.2.1 The Purchaser will either submit a new planning application or an application to amend the existing permission. Application strategy to be agreed between the Vendor and the Purchaser prior to submission.

4.2.2 Initial target date for planning is April 2022. To be extended to [September 2022] or such other date as the parties acting reasonably shall agree in the event of planning delays (for example appeal, proceedings etc).

4.2.3 Notwithstanding the proposed application route, it will be necessary to consider the terms of the existing permission and existing S106 agreement to understand whether any amendments are required to the conditions / obligations contained therein as a result of the proposed strategy from the Purchaser. It will be necessary to ensure that the delivery of the remaining components of the existing permission are not compromised / delayed by the implementation of Plot C.

4.2.4 To the extent there is any relationship between the delivery of the retained development and Plot C it will be necessary to give consideration to how the new residential development and the development on the retained land will be delivered.

4.2.5 The responsibility for any CIL / S106 liability should be at the Purchaser's cost. An indemnity may be required to ensure that the Vendor has sufficient protection in the event of any failure to pay CIL / S106 liability.

4.2.6 The Vendor should be consulted with any planning application and be invited to any meetings/discussions.

4.3 **Planning Generally**

4.3.1 The Purchaser is obliged to appeal against the refusal of a planning application for the proposed developments or the grant of any planning permission subject

to unsatisfactory conditions in the event planning counsel, at the cost of the Purchaser, advises that there is a 50% or greater chance of being successful.

- 4.3.2 The Purchaser is obliged to defend any proceedings brought following the grant of planning permission for the proposed developments in the event planning counsel, at the cost of the Purchaser, advises that there is a 50% or greater chance of such defence being successful.
- 4.3.3 The Purchaser is to use reasonable endeavours, skill and care acting as a reasonable and commercially prudent developer having regard to inter-alia planning policy to secure both planning permissions at the earliest reasonable opportunity.
- 4.3.4 The Purchaser is to pay for any reasonable additional costs incurred by the Vendor in assisting the planning process following the request of such assistance by the Purchaser.
- 4.3.5 The Vendor shall enter into any Section Agreement (including any agreement pursuant to section 106 of the Planning Act, section 111 Local Government Act 1972, sections 38, 228 and or 278 Highways Act 1980, section 33 Local Government (Miscellaneous Provisions) Act 1982 and section 104 Water Industry Act 1991) associated with the proposed developments as reasonably required subject to prior approval (not to be withheld or unreasonably delayed) and provided this does not impose any liability until the consent is implemented and that the liability follows ownership of the land. The Purchaser will indemnify the Vendor for any costs, losses or other liabilities associated with such Section Agreements.
- 4.3.6 All costs associated with the planning applications must be borne by the Purchaser.
- 4.3.7 Before the planning applications are submitted, the Purchaser must submit the same to the Vendor for approval and allow the Vendor not less than 10 working days to approve the same. The Vendor's approval is not to be unreasonably withheld or delayed and shall be deemed to have been given if no response has been provided within ten working days of submission.
- 4.3.8 The Purchaser will take any reasonable representations of the Vendor into account and, once amended, the planning permission must be resubmitted to the Vendor for further approval.

5. Construction

5.1 Property 1 – Construction

Comprising of five buildings as identified within the attached "Appendix 6 - Clapham Proposed Site Plan", split into two distinct phases as per the "Appendix 7 - Clapham Proposed Phasing Plan". The Buildings Schedule of Area comprise of:

	Phase 2				Phase 1						Totals	
	Building 1		Building 2		Building 3		Building 4		Building 5 Gateway Centre			
	No.	Mix	No.	Mix	No.	Mix	No.	Mix	No.	Mix	No.	Mix
1 Bed	136	65.1%	60	45.1%	26	54.2%	105	71.9%	0	0.0%	327	61.0%
2 Bed	59	28.2%	53	39.8%	20	41.7%	30	20.5%	0	0.0%	162	30.2%
3 Bed	8	3.8%	20	15.0%	2	4.2%	11	7.5%	0	0.0%	41	7.6%
4 Bed	6	2.9%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	6	1.1%
Total	209	100%	133	100%	48	100%	146	100%	0	0.0%	536	100%

	Phase 2		Phase 1			
	Building 1	Building 2	Building 3	Building 4	Building 5 Gateway Centre	Totals
	m ²	m ²	m ²	m ²	m ²	m ²
Residential	12,740	8,164	2,865	8,743	0	32,512
Commercial	3,142	0	0	0	0	3,142
College	0	0	0	0	6,387	6,387
GIA	15,882	8,164	2,865	8,743	6,387	42,041

Phase 1

- 5.1.1 The Vendor will want to instruct its own Technical Advisor (TA) in relation to the Gateway Centre to:
- 5.1.1.1 review and approve all initial design drawings;
 - 5.1.1.2 ensure the design includes everything required;
 - 5.1.1.3 oversee the detailed design during construction; and
 - 5.1.1.4 oversee the construction itself in a monitoring role.
- 5.1.2 The Gateway Centre must be on a turnkey basis and the Vendor and the Purchaser shall work together to ensure that detailed designs are agreed and deliver a scheme satisfactory to the Vendor.
- 5.1.3 The Vendor will require a full set of warranties from the developer's design team, contractor and sub-contractor, together with the ability to 'step-in' in the event of insolvency, severe delay, or breach of the sale agreement.
- 5.1.4 The overall agreement does not change if the construction costs change, or if there are any delays or additional costs due to such things as unforeseen physical conditions, access issues, utilities delays, force majeure or other delays, any further planning delays, etc. The only time the Vendor would be responsible for payment of any sums towards the build is if they request a variation, it is subsequently priced, negotiated, and agreed.
- 5.1.5 The escrow account would have to be maintained at a level commensurate with the sums anticipated to completion (including claims for additional fees resulting from variations or delays) and not the anticipated build costs less sums paid.
- 5.1.6 The construction programme needs to be agreed by the Vendor/College in order to keep disruption to a minimum.
- 5.1.7 The Vendor and the Purchaser are to agree access requirements over the Purchaser's land for the purposes of the development of Phase 1.
- 5.1.8 The Vendor and the Purchaser shall agree the proposed timetable for construction of Phase 1 to ensure its timely delivery.

5.1.9 The Purchaser shall not be permitted to apply to alter the planning permission with regards to Phase 1 without the consent of the Vendor.

5.2 Property 1 – Construction

Phase 2

5.2.1 The Vendor and the Purchaser are to agree access requirements over the Purchaser's land for the purposes of the development of Phase 2.

5.2.2 The Vendor and the Purchaser shall agree the proposed timetable for construction of Phase 2 to ensure its timely delivery.

5.2.3 The Purchaser shall not be permitted to apply to alter the planning permission with regards to Phase 2 without the consent of the Vendor.

5.3 Property 2 – Construction

Comprising of one building as identified within the attached "Appendix 5 – Vauxhall Masterplan". The Building Schedule of Area comprise of:

Apartment Type	Vauxhall Block C		
	No.	Mix	m ²
1 Bed	193	76.3%	9,860
2 Bed	28	11.1%	1,797
3 Bed	32	12.7%	2,566
Total	253	100%	14,223

6. Exclusivity

6.1 The Vendor and the Purchaser will enter into an exclusivity agreement.

6.2 This will give the Purchaser exclusivity in relation to Property 1 and Property 2 until ~~134~~ 134 months from the date of the Exclusivity Agreement.

6.3 During the period, the Vendor will not talk to or deal with any third parties in relation to the disposal of Property 1 and Property 2 unless the exclusivity agreement is terminated early.

7. Conditions

7.1 Subject to contract.

7.2 Subject to the Purchaser carrying out and completing satisfactory due diligence on the Properties.

7.3 Subject to all parties securing board approval to the proposed transaction.

7.4 Completion is to be subject to expiry of the Judicial Review period (which shall be 6 weeks and 5 working days), free from challenge, following receipt of planning permission. The Purchaser has the ability to waive the Judicial Review period.

7.5 Vacant Possession will be provided on completion of each phase.

7.6 Subject to the Vendor receiving appropriate consents from the DfE

8. Overage

8.1 The Overage Period shall be for a period of 15 years from the date of completion of sale of each of the Properties.

8.2 Overage shall be payable by the Purchaser to the Vendor upon the grant of each acceptable planning consent in relation to the relevant the Property.

8.3 The Overage percentage shall be 50% and shall be the difference between the value of the relevant Property with the benefit of the planning granted before completion of the sale and the value of the relevant Property with the new planning permission.

8.4 Overage will only become payable if the development for which the new permission is granted is commenced or the relevant Property is sold with the benefit of the new planning permission.

8.5 Open Market Value shall be calculated based on the RICS Red Book Valuation, with expert determination in the event of a dispute.

9. Funding

Before the application for planning is submitted, the Purchaser is to use reasonable endeavours to enter into a legally binding agreement with Optivo and M and G in which Optivo and M and G will commit to funding the project should consent be received on terms reasonable acceptable to all parties.

10. Acknowledgements

10.1 The parties acknowledge these heads of terms do not constitute a binding agreement for the sale and purchase of Property 1 and/or Property 2 or require the parties to enter into one save for clause 6 and clause 10.2 below.

10.2 The Vendor and the Purchaser agree not to disclose the terms of the Transaction, its existence or the terms of these heads of terms to any third party, save as required by law, and are to instruct their respective professional advisors not to do so.

Signed for and on behalf of the Vendor:)

Name:

Position:

Date:

Signed for and on behalf of the Purchaser:)

Name:

Position:

Date:

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APPENDIX 1

Official Copy Title Plan - TGL150604 (Clapham Centre)

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APPENDIX 2

Existing Clapham Site Plan

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APPENDIX 3

Plot C (red line)

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APPENDIX 4

Official Copy Title Plan - TGL14378 (Vauxhall)

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APPENDIX 5

Vauxhall Master Plan

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APPENDIX 6

Clapham Proposed Site Plan

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APPENDIX 7

Clapham Proposed Phasing Plan

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Dated: 2021

- (1) South Bank Colleges
- (2) Thornton Park Southside Limited

Lock-out agreement

relating to property known as 45 Clapham Common Southside, Clapham SW4 9BL and Vauxhall Centre (Plot C), Belmore Street, Vauxhall SW8 2JY

BETWEEN

- (1) South Bank Colleges (registered number 114955376) whose registered office is at 103 Borough Road, London SE1 0AA ("**Vendor**"); and
- (2) Thornton Park Southside Limited (registered number 11612800) whose registered office is at 30/34 North Street, Hailsham, East Sussex BN27 1DW ("**Purchaser**").

BACKGROUND

- (A) The Vendor and the Purchaser have agreed, subject to contract, to enter into the Transaction and intend to negotiate the detailed terms of the Transaction.
- (A) The Vendor has agreed not to enter into any transaction prohibited under **clause 2.1** of this Agreement during the Exclusivity Period.
- (B) The Vendor and the Purchaser are entering into this Agreement in good faith and are relying on the terms of this Agreement.

OPERATIVE PROVISIONS

1. DEFINITIONS AND INTERPRETATIONS

1.1 In this Agreement the following words and expressions have the following meaning:

"Documentation"	a draft agreement for the sale of the Properties to effect the Transaction
"Exclusivity Period"	the period from and including the date of this Agreement to and including 5.00 pm on [DATE] being the date four (4) months after the date of this Agreement
"Heads of Terms"	the signed and dated heads of terms attached to this Agreement
"Properties"	the properties known as <ul style="list-style-type: none">(a) 45 Clapham Common Southside, London, SW4 9BL; and(b) Vauxhall Centre (Plot C), Belmore Street, Vauxhall SW8 2JY
"Purchaser's Solicitors"	Brecher of 4 th Floor, 64 North Row, London W1K 7DA
"Title Documents"	recent official copies of the Vendor's title to the Properties, a copy of the title plan and copies of all documents referred to in the official copies
"Transaction"	the sale of the Properties to the Purchaser in accordance with the attached Heads of Terms
"Vendor's Solicitors"	Eversheds Sutherland (International) LLP of Bridgewater Place, Water Lane, Leeds LS11 5DR

2. VENDOR'S OBLIGATIONS

2.1 In consideration of the Purchaser's obligations in this Agreement, the Vendor agrees with the Purchaser that during the Exclusivity Period it will not, nor instruct the Vendor's Solicitors or its other professional advisers to:

- 2.1.1 send any of the following to any person other than the Purchaser's Solicitors and the Purchaser's other professional advisers (with the exception of the Department for Education):
 - 2.1.1.1 Title Documents or any other information relating to the title to the Property; or
 - 2.1.1.2 agreements, deeds, contracts or leases for the sale, development, letting or charging of the Property, whether in draft or not.
- 2.1.2 invite tenders for or enter into negotiations with any third party for the sale, development, letting or charging of the Property; or
- 2.1.3 allow any person to view, measure, survey or carry out site investigations on the Property other than the Purchaser's surveyors and other professional advisers and those of any person providing funding to the Purchaser for the Transaction, unless required to do so by law; or
- 2.1.4 enter into any commitment to proceed with the disposal of the Properties to any third parties immediately after the expiry of this agreement; or
- 2.1.5 encumber or deal with the title to the Properties except with the Purchaser.
- 2.2 The Vendor acknowledges that it is not currently in negotiation with any person other than the Purchaser for the sale, development, letting or charging of the Property.
- 2.3 The Vendor must use all reasonable endeavours to procure that the Vendor's Solicitors:
 - 2.3.1 send copies of the Title Documents to the Purchaser's Solicitors within 5 working days after the date of this Agreement;
 - 2.3.2 send the Documentation to the Purchaser's Solicitors within 15 working days after the date of this Agreement;
 - 2.3.3 answer promptly all reasonable pre-contract enquiries and requisitions on title raised by the Purchaser's Solicitors during the Exclusivity Period to enable the Purchaser's Solicitors to investigate the Property and the Vendor's title to it; and
 - 2.3.4 act promptly and reasonably in accordance with good conveyancing practice to deal with any amendments made by the Purchaser's Solicitors to the Documentation.
- 2.4 Subject to the rights of any tenants or other occupiers of the Property, the Vendor must allow the Purchaser, any person providing funding to the Purchaser for the Transaction and their surveyors and other professional advisers access to the Property at all reasonable times during the Exclusivity Period on reasonable prior notice to inspect and measure the Property and to carry out such non-intrusive surveys, investigations and tests as the Purchaser may reasonably require subject to the Purchaser:
 - 2.4.1 causing as little inconvenience as reasonably practicable to the Vendor and any tenants or other occupiers of the Property in the exercise of this right;
 - 2.4.2 making good as soon as reasonably practicable any damage to the Property caused in the exercise of this right to the reasonable satisfaction of the Vendor; and
 - 2.4.3 indemnifying the Vendor against all losses, costs and liability arising from the exercise of this right.

3. **PURCHASER'S OBLIGATIONS**

3.1 The Purchaser must use all reasonable endeavours to procure that the Purchaser's Solicitors act promptly and reasonably in accordance with good conveyancing practice:

3.1.1 to investigate the Property and the Vendor's title to it including carrying out or raising all reasonable and proper pre-contract searches, enquiries and requisitions on title; and

3.1.2 to consider the terms of the Documentation and respond to the Vendor's Solicitors with any amendments required, including following any counter-amendments made by the Vendor's Solicitors.

3.2 The Purchaser must use all reasonable endeavours to procure that the Purchaser's surveyors and any person providing funding to the Purchaser for the Transaction carry out a survey and valuation of the Property as soon as reasonably practicable after the date of this Agreement.

4. **TERMINATION**

4.1 The Purchaser may end this Agreement at any time during the Exclusivity Period by serving written notice on the Vendor.

4.2 If the Purchaser breaches all or any of the terms of **clause 3**, the Vendor may end this Agreement by serving written notice on the Purchaser.

4.3 At the end or sooner determination of this Agreement, the Purchaser must procure that the Purchaser's Solicitors immediately return the copies of the Title Documents and the Documentation to the Vendor's Solicitors.

5. **COSTS**

5.1 Subject to **clause 5.2**, the Vendor and the Purchaser are to bear their own costs and disbursements in relation to the Transaction.

5.2 If the Purchaser elects not to proceed with the Transaction or breaches the terms of **clause 3** in circumstances where the Vendor is willing and able to proceed with the Transaction and is not in breach of the terms of this Agreement, the Purchaser must pay to the Vendor on demand the reasonable and proper costs and disbursements of the Vendor's Solicitors, surveyors and other professional advisers incurred in relation to the Transaction together with any VAT which on those costs and disbursements which the Vendor is unable to recover.

6. **ACKNOWLEDGMENTS**

6.1 The Vendor and the Purchaser both acknowledge that:

6.1.1 this Agreement is binding on both of them;

6.1.2 each owes the other a duty of good faith; and

6.1.3 this Agreement does not constitute a binding agreement for the sale and purchase or letting of the Property or require the parties to enter into one.

6.2 The Vendor and the Purchaser agree not to disclose the terms of the Transaction, its existence or the terms of this Agreement to any third party, save as required by law, and are to instruct their respective professional advisors not to do so.

SIGNED by the Vendor)

SIGNED by the Purchaser)

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