

Appendix 2

DRAFT HEADS OF TERMS

Part 1

HBPL27/11/2019

In these Heads of Terms:

1. The Seller is: the London Borough of Hounslow
2. The Buyer is:
3. Seller's Solicitors: HB Public Law
4. Buyer's Solicitors:
5. The Sites: comprise each of the sites listed in Part 2 of these Heads of Terms
6. Agreement for Leases: means a single legally binding agreement entered into between (1) The Seller (2) The Buyer whereby the Buyer agrees to purchase a separate 250-year Lease of each Site at the point the redevelopment of that Site has reached 'Golden Brick'.
7. Golden Brick: construction to the stage where the foundations together any retaining walls, and the ground floor slabs and any damp courses along with two courses and facing bricks above the damp course levels or the structural frame is cast to allow the first floors to be supported had been completed.
8. Lease: means a separate 250-year lease of each Site to be entered into between (1) the Seller (2) The Buyer at the point the redevelopment of that site has reached the 'Golden Brick'.
9. Nominations Agreement: means the separate nominations agreement to be entered into between (1) The Developer (2) The Council for each Site giving the Council 100% nomination rights (in perpetuity) on all affordable Units.
10. The Planning Condition: means the Developer's ability to obtain satisfactory planning permission for the redevelopment of each of the Sites.
11. The principal terms of the Agreement for Lease are:
 - 11.1 It is the Developer's responsibility to apply for detailed planning permission for the redevelopment of each of the Sites in accordance with an agreed scheme for each Site. If a satisfactory planning permission is granted it is the Developer's responsibility to pay any Community Infrastructure Levy and meet any Section 106 requirements associated with the redevelopment of that Site.
 - 11.2 The grant of a satisfactory planning permission is a pre-condition to the grant of the Lease for the relevant Site. If planning is refused or granted on unsatisfactory terms the Developer shall have the right (but not the obligation) to appeal against such refusal. However, if a satisfactory planning permission cannot be obtained, the Agreement for Lease shall be terminated in relation to that Site but shall continue for other Sites for which Planning Permission has been obtained.
 - 11.3 From the grant of a satisfactory planning permission the Developer will be permitted to commence development in relation to that Site and the Seller will grant to the Developer a 'Works Licence' for that purpose.
 - 11.4 At the point the Development reaches 'Golden Brick' the Seller will grant and the Buyer will accept a 250 year lease of that Site.
 - 11.5 The Agreement for Lease will not be assignable (but may be charged to an approved funding institution).
 - 11.6 It is the Buyer's responsibility to investigate the title for each of the Site and satisfy itself that the title is good and marketable and enables the development to be carried out. It is the Buyer's responsibility to carry ground surveys and make such enquiries as it considers appropriate.
 - 11.7 No deposit payable on exchange.
12. The Principal Terms of the 250-year ground lease are:

- 12.1 The completed development to be used and occupied only as affordable housing under the management of a registered provider and, for which the Seller will have 100% nomination rights in perpetuity.
- 12.2 No assignment of part. Assignment of whole permitted only to another registered provider (previously approved by the Seller). Completed housing units to be occupied only on social lettings or shared-ownerships.
- 12.3 Premises to be leased on full repairing and insuring terms.
- 12.4 Ground Rent: one peppercorn
- 12.5 Premium: (TBC) and payable on the grant of the lease.
- 12.6 Seller (acting reasonably) may require a re-transfer of the Lease to itself (or to a nominated third party) if the Buyer does not proceed diligently with the completion and letting of the development. Terms of such re-transfer shall be such as the Seller may reasonably impose.
- 12.7 Requirement for Buyer to pay 'Overage' equating to 50% of any increase in development value if planning permission obtained for additional Units (or on more beneficial terms) on any of the Sites beyond that envisaged at the time the Lease was granted.
- 12.8 Reasonable mortgagee exemption clauses
- 12.9 Parties each pay their own transaction costs.

10: Buyer to enter into a Nomination Agreement for each Site on completion of the Lease.

11. Seller to provide indicative draft documentation within two weeks of the issue of these draft heads of terms.

12. All communications expressed to be 'Subject to Contract' until the Agreement for Leases is exchanged

PART 2

THE SITES

Garage Block, Adjacent 60, Magdala Road, Isleworth TW7 7DD

Dated November 28, 2019