

DRAFT Head of Terms for purchase of River Park Leisure Centre, Winchester **DRAFT****Subject to contract**

Seller	Winchester City Council of City Offices, Colebrook Street, Winchester SO23 9LJ
Buyer	University of Southampton (a higher education establishment incorporated by royal charter in England and Wales with number RC000668) whose administrative offices are at Building 37, Highfield Campus, Southampton SO17 1BJ
Property	<p>Site of the former River Park Leisure Centre (RPLC), off Gordon Road, Winchester.</p> <p>The Property is shown edged red on the attached plan (which for the avoidance of doubt is indicative only and subject to review) and includes the site of the Riverside Indoor Bowling Club and the Skate Park.</p> <p>The Seller will retain access rights through the Property to the Seller's retained car park to the north-west. The access currently runs through the western car park at the Property but may in the future be reasonably relocated to allow for the Buyer's proposed development where such access is not materially less convenient.</p> <p>See the <i>Tenancies</i> and <i>Lease Terms</i> sections below for further terms applicable to the Bowling Club and the Skate Park.</p> <p>A final plan showing total extent of agreed Property/final boundary to be settled/supplied.</p>
Tenure	<p>Long leasehold.</p> <p>The Property is to be purchased by way of the grant of a new 150 years long lease and the parties will enter into an agreement for lease.</p> <p>See <i>Lease terms</i> below for more details</p>
Price	<p>The price is to be determined before exchange of the agreement for lease and paid on completion of the purchase when the long lease is granted (see the <i>Conditions & Timing</i> section below).</p> <p>Prior to exchange of the agreement for lease the Seller is to instruct its valuers to provide a valuation and the Buyer may, at its own cost, undertake a valuation to help inform negotiations.</p> <p>No deposit will be paid.</p> <p>No further sums, beyond the price, will be paid by the Buyer to the Seller for the Property.</p> <p>Seller to confirm VAT position.</p>
Demolition and remediation	<p>The Seller will retain control over the procurement and timing of demolition subject to an obligation to provide the Buyer with a cleared and remediated site (to be defined in the draft Agreement for Lease) before the Buyer completes the purchase of the Property.</p> <p>The detailed provisions regarding demolition and remediation to be further agreed in settling the agreement for lease.</p> <p>The parties recognise the need for all reasonable steps to be taken to coordinate and synchronise the timing of the demolition and remediation with the purchase to minimise so far as reasonably possible any adverse consequences which delays</p>

	<p>may cause to the Seller's receipt of the Price or to the Buyer's development programme.</p> <p>The parties will explore further the means by which the Seller's risk of (and cash flow for) paying for the demolition and remediation might be reasonably mitigated.</p>
<p>Conditions & Timing</p>	<p>The parties are targeting issuing a draft agreement for lease by the end of November 2021.</p> <p>The parties will use reasonable endeavours to exchange contracts (being an agreement for lease) as soon as possible and in any event by the end of March 2022.</p> <p>The purchase of the Property will be conditional on securing an unfettered planning permission (together with any associated planning or statutory agreements required to obtain or implement the planning permission) satisfactory to the Buyer (see Planning section below).</p> <p>The minimum trigger for grant of the long lease will be the approval and issue of consent to the Buyer's 'Outline Planning Application' for the RPLC site. The Buyer will commission its planning consultant to provide the detailed wording for defining 'planning consent' for review by the Seller. In the first instance, the references in these terms <i>to associated planning or statutory agreements required to obtain or implement the planning permission</i> shall include, at the Buyer's option, reserved matters approval for (and discharge of any critical pre-commencement planning conditions required for) the first building forming part of the campus scheme at the Property whose foundations/footings need to be laid to deal with the Seller's buy-back right (see the <i>Buyer's works and Seller's buy-back</i> section below) as well as any traffic regulation or similar orders. Regardless of what the Buyer chooses to pursue by way of such associated planning or statutory agreements required to obtain or implement the planning permission, nothing shall extend the 5 year period referred to below.</p> <p>If the Buyer confirms that it is satisfied with the planning permission (as defined) and that therefore the planning condition under the agreement for lease is satisfied then the Buyer shall have 4 months to confirm it still wishes to proceed to acquire the Property and:</p> <ul style="list-style-type: none"> • if it does then the purchase will complete by way of completion of the long lease and payment of the price by the Buyer to the Seller; and • if it does not then either party may terminate the agreement for lease. <p>If the Buyer does not satisfy the planning condition within a period of 5 years from the date of entering into the agreement for lease then either party may terminate the agreement for lease. The 5 year period shall afford the Buyer time in which to withdraw and submit any alternative application/s, or to allow for JR or appeals etc, and enter into any associated planning or statutory agreements required to obtain or implement the planning permission and generally be fully satisfied that the planning condition is satisfied. This 5 year period will not be capable of extension.</p> <p>The purchase will be completed (and the long lease granted/price paid) eight weeks after the Buyer confirms it wishes to proceed following satisfaction of the planning condition. To be clear, the Seller must at that stage complete the sale.</p> <p>In addition to progressing the two level levels of design: A) masterplan and B) individual building design and planning applications as appropriate (see the <i>Planning</i> section below), the Buyer also intends to use the 5 year period to complete all of its detailed physical and other due diligence, all site evaluation and surveys etc as well as its own business case for developing the campus scheme. The Buyer will also inform the Seller should the use of its powers of appropriation be required</p>

	<p>to bring forward the Buyer's proposals and the use of such powers shall not be unreasonably withheld by the Seller. To the extent the use of any appropriation powers are required for the Seller to be able to sell the Property by way of entering into the agreement for lease or completing the long lease then the seller will confirm that to the Buyer.</p> <p>The Buyer will have an option to terminate the agreement for lease if, at any time, the Buyer believes that either there is no reasonable prospect of satisfying the planning condition or that the campus scheme cannot be viably delivered for the Buyer.</p>
<p>Planning</p>	<p>The parties will agree a broad/general written description of intent for the new campus scheme comprising a brief narrative (but without any visuals or masterplan graphics) to include in the agreement for lease.</p> <p>This narrative is to be in reasonably sufficient detail to be understood meaningfully against the later masterplan and planning application.</p> <p>The narrative will include the parties' aspiration for the scheme to include provision for a publically accessible performance space but without any fixed parameters around that as to the scope and extent of it.</p> <p>The Buyer will use reasonable endeavours to advance a masterplan proposal based on that written description and thereafter submit a planning application for a new campus scheme (which application may be outline, detailed or hybrid/partially detailed) as soon as reasonably practicable in line with the Buyer's own design, feasibility, procurement and other necessary management procedures).</p> <p>The Buyer will have absolute discretion over the campus scheme (subject always to any general parameters of the initial written description and the planning requirements and lease terms).</p> <p>The Buyer will consult with the Seller on the masterplan and thereafter the planning application and the Seller may make representations but there will be no right of veto on the part of the Seller and no obligation on the part of the Buyer to accommodate the Seller's comments/representations or amend the masterplan or the application in light of any comments/representations on the part of the Seller.</p> <p>The Seller shall be entitled to make representations to the planning authority on the planning masterplan and/or the planning application. The Seller shall not however object to the principle of the new campus scheme.</p> <p>The Buyer will bear all of its own costs in connection with preparing and advancing the masterplan proposal and planning application including commissioning all necessary reports and surveys.</p> <p>Neither party may waive the planning condition.</p> <p>Once the Buyer has been issued with the planning permission (as defined) for a new campus scheme then neither party may waive clearing any JR period in respect of that planning permission.</p> <p>After that, the Buyer alone may waive:</p> <ul style="list-style-type: none"> • Completion of any associated planning or statutory agreements required to obtain or implement the planning permission; and • Clearing any JR period in respect of those agreements

<p>Access, surveys and investigations</p>	<p>The agreement for lease will grant the Buyer a licence to have access to the Property to carry out all necessary inspections, surveys, studies and investigations and for any other reasonable purposes to allow the Buyer to advance its planning masterplan/application, satisfy the planning condition, prepare for development of the Property and otherwise as a contracting purchaser. This will extend to intrusive investigations (environmental, ground condition, archaeological or otherwise) except in relation to the swimming pool which cannot be touched.</p> <p>The terms of the licence will provide for the usual reasonable safeguards to protect the Seller as landowner and will require reasonable closing up/back-filling of any openings / holes, trenches or pits from intrusive investigation works necessary so that the Property is left in a safe condition and to enable the Seller's meanwhile uses. The licence will not though require any material reinstatement (in the sense of returning the Property in exactly the same state) given the proposed redevelopment.</p> <p>The Buyer may but shall not be obliged to share copies of any drawings, surveys or reports with the Seller. If it does, the Seller shall (i) not have to pay for them but (ii) have no reliance on them and the Buyer shall have no liability to the Seller for their contents.</p>
<p>Buyer's works and Seller's buy-back</p>	<p>The Buyer will have absolute discretion over the works (subject always to planning and other legal requirements) including any phasing except for the demolition and remediation works to be dealt with by the Seller.</p> <p>The Seller will carry out demolition and remediation and deliver up vacant possession in accordance with the Buyer's programme.</p> <p>The Buyer will act in good faith in making available the green open areas of the site pending commencement of the main campus scheme works but the Buyer must have absolute discretion about whether, how much and for how long such arrangements subsist and they must not interfere with the Buyer's own plans.</p> <p>If the Buyer does not implement the planning permission for the campus scheme (or any replacement or varied permission for a campus scheme) within 5 years from completing the purchase of the Property the Seller may buy back the Property. The parties agree that for these purposes implementation requires a material start on site under a contract for works and can be satisfied by material completion of the foundations/footings for the first building forming part of the campus scheme at the Property (which may have planning permission by way of reserved matters approval pursuant to the outline/masterplan permission or by way of a subsequent detailed permission for a specific building or buildings).</p> <p>The key terms for the buy-back are:</p> <ul style="list-style-type: none"> • It will be documented as an option to call for a surrender of the long lease contained in the agreement for lease • It may only be exercised if the Seller pays to the Buyer the same price which the Buyer paid for the long lease (with the Seller bearing any SDLT liability) • It may only be exercised (i.e. triggered) for a period of 6 months from the 5 years date and will then fall away forever • It will also fall away forever once the relevant planning permission is implemented.

	<ul style="list-style-type: none"> • It will be exercisable in respect of the Property in whatever condition it is when the buy-back is exercised without any obligation on the Buyer to do, or not do, any works or other actions at the Property during its ownership
Lease terms	<p>The key terms of the long lease are:</p> <ul style="list-style-type: none"> • 150 year term from completion of the purchase • Contracted out of security of tenure to facilitate the landlord (Seller) buy-back (see the Buyer's works and Seller's buy-back section above) • Peppercorn rent • No repair covenants. The Buyer will agree that, in the event that disrepair causes someone to bring a claim against the Seller as freeholder, the Buyer will (as between Buyer and Seller) deal with such a claim (in the event that it's a legitimate claim and not otherwise covered by the Seller's or Buyer's public liability insurance) and indemnify the Seller • Rights and reservations between the Property and the Seller's retained land to be identified and agreed as part of the Buyer's due diligence • Special terms for the Buyer's rights in relation to the skate park for (i) the Buyer to retain the skate park (subject to any reasonable relocation or remodelling to better incorporate it into the campus scheme environment) and/or (ii) the Seller to have reasonable input into the Buyer's management of the skate park land included within the Property as a community use to the reasonable satisfaction of the Seller (eg by way of a jointly agreed management protocol or management agreement (outside the long lease)). The form of any such management protocol or management agreement is to be agreed as part of settling the agreement for lease. • Otherwise virtual freehold basis so no material tenant covenants; no restrictions on alienation (subject to the landlord being informed upon each and every assignment/subletting), use (save for any agreed restrictions as below) or development (subject always to obtaining any planning permission); no forfeiture or other landlord break rights; no obligation to pay for any services or insurance • The permitted use is to be restricted: <ul style="list-style-type: none"> ○ throughout the term so that the Property shall not be used <ul style="list-style-type: none"> ▪ for residential accommodation (including student residences); nor ▪ for state education of primary or secondary provision (but with a suitable carve out to prevent this restriction prohibiting outreach initiatives and other school engagement as part of tertiary education / university use) ○ for the first 35 years to principal uses of or in connection with tertiary education (including university) and ancillary purposes only. <p>In addition in the context of the long lease, the principle of potential shared use of the Buyer's car park with the public is recognised as a matter to be further explored.</p>

<p>Tenancies</p>	<p>Apart from any lease of the Riverside Indoor Bowling Club, the Property is to be sold with vacant possession.</p> <p>Between agreeing these terms and completion of the purchase:</p> <ul style="list-style-type: none"> • the Buyer shall be at liberty to negotiate with the Riverside Indoor Bowling Club about how their club can be factored into the wider campus scheme including potentially relocating them to an alternative suitable site (on terms acceptable to the club); and • the Seller will not grant leases or licences for third parties to occupy the Property without first consulting with the Buyer and the Seller may grant short term contracted out leases or licences for appropriate temporary uses (including use of part of the Property for police dog training) which do not prejudice the planning prospects or increase the Buyer's development costs subject always to the ability for the Seller to immediately terminate such arrangement and obtain vacant possession of the Property. No other types of leases or licences are to be granted. <p>Otherwise, the Seller and the Buyer shall act reasonably (but without commitment) in exploring opportunities to maximise the beneficial use of the Property and minimise management costs subject always to preserving the Buyer's best prospects of satisfying the planning condition.</p> <p>The Seller shall be liable for any contamination or other spoil / waste / obstructions left at the Property by any of its temporary use occupiers.</p> <p>All management liability is to remain with the Seller until completion of the purchase.</p>
<p>Seller support</p>	<p>The Seller will continue to manage the Property in line with reasonable estate management principles for a site including vacant buildings and will not deal with the Property in any manner which is inconsistent with the Buyer's objectives of securing planning permission for its campus scheme (or otherwise in any way to the detriment of the Buyer) before completion of the purchase.</p> <p>The Seller will, in its capacity as owner of the Property (and not so as to fetter its discretion as planning authority), provide the Buyer with reasonable support:</p> <ul style="list-style-type: none"> • with the master-planning, feasibility and the planning processes including all necessary reports, surveys and investigations which the Buyer commissions or carries out and specifically entering into any necessary planning or statutory agreements (on terms to be reasonably approved by the Seller) • with discussions with the Riverside Indoor Bowling Club <p>The Seller will provide all appropriate documentation and records prior to commencement of demolition and site remediation works such that the Buyer can discharge its statutory duties in relation to Health and Safety and environmental legislation.</p>
<p>Capital Allowances</p>	<p>The buyer is to have the benefit of any capital allowances in respect of the Property.</p>
<p>Miscellaneous</p>	<p>These terms are subject to:</p> <ul style="list-style-type: none"> • formal approval of the appropriate board or other executive body of the Buyer and the Seller (and any necessary consents required for the

	<p>University to enter into this transaction as an exempt charity under the Charities Act 2011)</p> <ul style="list-style-type: none"> • the Buyer conducting the usual buyer / conveyancing due diligence in respect of searches, title and the lease of the Riverside Indoor Bowling Club and otherwise verification of vacant possession (and that no special consents are required because of the sale of sports/community assets) • both parties satisfying themselves as to procurement, state aid and tax advice • the Seller resolving any appropriation formalities to enable the Seller to enter the agreement for lease and complete the sale of the Property by way of completion of the long lease
Costs	Each party is to be responsible for its own costs in connection with this transaction.
Exclusivity & confidentiality	<p>During the negotiation of and from the date of agreeing these Heads of Terms, the Seller will allow the Buyer exclusivity in respect of the Property such that the Seller (and its representatives) will not have or encourage any discussions with any third party in respect of the Property until exchange.</p> <p>These terms are, and should remain, confidential to the parties in the proposed transaction and their professional advisors save as expressly agreed otherwise.</p> <p>The parties will agree a mutually acceptable comms strategy that will bind both parties to agreeing any public statement before its release and include a stakeholder management plan that will be monitored and updated until completion.</p>

End