

**HEADS OF TERMS  
FOR A CONDITIONAL PURCHASE CONTRACT ON  
LAND OFF BURNETTS LANE, KINGSWORTHY**

**SUBJECT TO CONTRACT**

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| <b>Preamble</b>            | <p>Drew Smith Limited (DSL) owns the Property which currently sits outside of the settlement edge. Adjacent to the property DSL has previously developed 25 affordable units which it delivered in partnership with Hyde Housing Association and has more recently secured outline planning permission for 25 affordable dwellings on a part of the property.</p> <p>DSL intends to submit a detailed planning application for development of its property. WCC would, as local planning authority, determine this application.</p> <p>The scheme would be driven at the instigation and design of DSL. WCC agrees to purchase the land and properties from DSL upon completion and on the terms set out in this document.</p> <p>These heads of terms record the basis upon which DSL and WCC have agreed to move the scheme forward.</p> |
| <b>Seller</b>              | <p>Drew Smith Limited<br/>7-9 Mill Court<br/>The Sawmills<br/>Durley<br/>SO32 2EJ<br/>Contact: Leanne Smith<br/>Telephone: 01489 861400<br/>Email: <a href="mailto:lsmith@drewsmith.co.uk">lsmith@drewsmith.co.uk</a></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Sellers' Solicitors</b> | <p>Shoosmiths LLP<br/>Forum 5<br/>The Forum<br/>Parkway<br/>Whiteley<br/>Fareham<br/>Hampshire<br/>PO15 7PA<br/>Tel 03700 866901<br/>Contact: Joanne McGuinness<br/>Email: <a href="mailto:joanne.mcguinness@shoosmiths.co.uk">joanne.mcguinness@shoosmiths.co.uk</a></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Buyer</b>               | <p>Winchester City Council (WCC)<br/>Colebrook Street<br/>Winchester<br/>SO23 9LJ<br/>Contact: Andrew Palmer<br/>Telephone: 01962 840222<br/>Email: <a href="mailto:apalmer@WINCHESTER.GOV.UK">apalmer@WINCHESTER.GOV.UK</a></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Buyers' Solicitors</b>  | <p>Anthony Collins</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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|                                                        | 134 Edmund St,<br>Birmingham<br>B3 2ES<br>Contact:<br>Telephone: 0121 200 3242<br>Email:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Buyers' Agent</b>                                   | TBC<br>Contact:<br>Telephone:<br>Email:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Property</b>                                        | Freehold interest of 35 Affordable Rent Housing Units on land comprised in title numbers HP758619, HP647224 and part of title HP385054 extending to approximately 23 acres as shown on the attached plan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Retained Land</b>                                   | Land off Tudor Way forming part of title number HP385054 as edged blue on the attached plan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Development Objectives</b>                          | Secure detailed planning permission for a minimum 35 residential dwellings with a gross internal floor area of 2,999m2 plus associated private roads, private drainage and open space to a specification proposed by DSL.<br><br>Make provision for future highway access to the boundary of the Retained Land.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Development Timetable including long stop dates</b> | Sign HOT's – <b>ASAP</b><br>Exchange Conditional Purchase Contract following WCC cabinet approval - <b>March 2019</b><br>Submission of detailed planning application – <b>January 2019</b><br>Planning Consent issued – <b>April 2019</b><br>Start on Site – <b>August 2019</b><br>Planning Longstop Date – <b>December 2019</b><br>Site complete – <b>February 2021</b><br>Final Long Stop Date for contract purposes – <b>June 2022</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Consideration</b>                                   | 35 Unit Package Price: £7,798,425 (seven million, seven hundred and ninety-eight thousand and four hundred and twenty-five pounds) excluding VAT where applicable (subject to WCC's appointed QS approval prior to exchange of Conditional Purchase Contract).<br><br>5% Deposit on Exchange of the Conditional Purchase Contract: £389,921 (three hundred and eighty-nine thousand nine hundred and twenty-one pounds) excluding VAT where applicable.<br><br>A first payment of 20% on the earlier of (i) 24 <sup>th</sup> June 2019 or (ii) the date the Planning Condition is satisfied (which is the grant of a satisfactory planning permission and expiry of public procurement challenge and/or Judicial Review period): £1,560,079 (one million, five hundred and sixty thousand and seventy-nine pounds. If payment is made before 24 <sup>th</sup> June 2019 and the Planning Condition has not been satisfied before the Planning Longstop Date DSL to return payment within 10 working days of the Planning Longstop Date.<br><br>Applied finance charge: £237,656.00<br><br>Final Payment (including finance charge) on transfer of 35 units: £ £6,086,081 (six million, eighty-six thousand and eighty-one pounds) excluding VAT where applicable (less retention of £35,000). |

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|                               | Any reduction in floor area, subject to achieving a minimum 35 residential dwellings, will not result in a reduction to the package price.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Specification/finishes</b> | Details of the Drew Smith Limited specification will be appended to the Conditional Purchase Contract.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Terms &amp; Conditions</b> | <p>The Conditional Purchase Contract will be exchanged conditional upon:-</p> <ul style="list-style-type: none"> <li>• Satisfactory planning permission.</li> <li>• Expiry of public procurement challenge and/or Judicial Review period.</li> <li>• 35 built units of Affordable Rent Housing</li> </ul> <p>DSL and WCC (in its role as Housing Enabler), will liaise with the local community and agree the scope of the planning application to be submitted to the Local Planning Authority (LPA) for planning permission.</p> <p>DSL will prepare and submit the planning application at its own cost.</p> <p>On exchange of the Conditional Purchase Contract a parent company guarantee will be provided by Galliford Try Partnerships against the 5% deposit payment and the 20% first payment. This will guarantee reimbursement of the aforementioned payments if DS becomes insolvent or does not return the deposit and first payment for any reason following the Final Long Stop Date or if the first payment is made before 24<sup>th</sup> June 2019 and DSL is unable to satisfy the Planning Condition before the Planning Longstop Date). Any S106/CIL costs will be paid by WCC in addition to the Consideration.</p> <p>Any part of the Property outside the Development Site will be transferred to WCC in its current condition and the Seller will not be responsible for any land management or maintenance costs associated with this land.</p> <p>The Sellers will retain a right of access with or without vehicles to the Retained Land.</p> <p>The Sellers will also retain rights of way for services, maintenance etc. to the Retained Land.</p> <p>Collateral Warranties to be provided in favour of WCC for architect, engineer and timber frame only.</p> <p>NHBC New Build Warranty including insolvency and options 1, 2 &amp; 3 (or equivalent) to be provided on all dwellings under this agreement.</p> <p>Galliford Try Partnerships (GTP) to act as a guarantor for DSL. If WCC requires a performance bond or other security, it will pay for this in addition to the Consideration.</p> <p>Retention £1,000 per dwelling to be retained by the Buyer at completion. The retention to be repaid on the later of (i) expiry of defect liability period or (ii) once DSL has remedied any defects notified to it by the Buyer before practical completion is declared (determined by DSL acting reasonably).</p> <p>12 months defect liability period from the date of practical completion.</p> <p>Handover documents: DSL standard documents to be appended to contract for:</p> <ul style="list-style-type: none"> <li>• Signboard requirements</li> <li>• Handover procedures/requirements</li> <li>• Defects/aftercare protocol</li> </ul> |

RESTRICTED