

Appendix B

DRAFT HEADS OF TERMS**1. Landlord**

London Borough of Sutton

Address: Civic Offices. Nicholas Way, Sutton, SM1 1EA

2. Tenant

The Centre for Environmental Initiatives

Trading as: Ecolocal

Country of incorporation/registration: United Kingdom

Company number: 04137305

Registered office address: The Old School House, Mill Lane, Carshalton, Surrey SM5 2JY

3. Property

3.1 The Lodge, Carshalton being part of the Property registered at the Land Registry under title number SGL711146. A plan is attached showing the Property edged in red.

3.2 Including or together with a right of access from Honeywood Walk.

4. Term

4.1 The lease will be for a term of 125 years beginning on the date of the lease. The parties will review this if the Tenant is advised that a longer lease is likely to attract a higher premium or increase the range of potential purchasers for the residential flats to be sold on long leases.

4.2 The security of tenure provisions of Part II of the Landlord and Tenant Act 1954 will apply.

4.3 There will be no break clauses in favour of either the Landlord or the Tenant.

5. Rent

5.1 The rent will be one peppercorn subject to the amount of lease premium paid by the tenant. Rent will be calculated at the rate of £7.5k for every £100,000 difference between the lease premium paid and £600,000.

6. Insurance

6.1 The Council generally insures properties of which it is landlord under a block policy and while this arrangement is in place and cover is generally provided with respect to all the types of property on the site this arrangement will continue. The Landlord will ensure that the policy covers the full reinstatement value as advised from time to time by the Tenant and provide evidence of the level of cover and policy terms on request. The Tenant will reimburse the Landlord for that part of the block policy premium that relates

to insurance of the site. There will be a default provision for the Tenant to take out insurance in joint names with the Landlord if the Landlord decides to self insure or the block policy ceases to be approved for Property of this type.

7. Use

7.1 The Tenant shall actively and positively use the Property at all material times:

7.1.1 For some or all of the charitable purposes of the Tenant (to be set out in the Lease);

7.1.2 to raise income for those purposes including use as two residential flats to be let to tenants to provide income for the Tenants;

7.1.3 for use as seven residential flats let on long leases in the part of the site designated for this purpose;

The Tenant shall provide to the Landlord information regarding compliance with the Permitted Use clause as the Landlord shall reasonably request on an annual basis or as otherwise discussed and agreed between the parties and shall at the request of the Landlord provide reasonable opportunities to consult with regard to the present and future use of the Property.

7.3 Full reporting and monitoring of all funding applications is to be provided with regard to the phase 3 replacement of the existing classroom with a straw bale classroom which is to commence during phases 1 and 2.

8. Assignments and underleases

8.1 The Tenant can assign the lease to another charity or organisation established for the benefit of the public or community with the Landlord's consent (not to be unreasonably withheld).

8.2 No authorised guarantee agreement will be required on a permitted assignment.

8.3 The Tenant can underlet parts of the Property with the Landlord's prior written consent, which cannot be unreasonably withheld where the Tenant provides evidence to the reasonable satisfaction of the Landlord that the undertenant will use the underlet Property for the Permitted Use provided that the Tenant may in any event:

8.3.1 let parts of the Property for the Permitted Use without the Landlord's consent for terms of less than 7 years; and

8.3.2 grant seven long residential leases in the part of the Property designed for that purpose; and

8.3.3 grant intermediate underleases of the whole of the part of the Property let or to be let on long residential leases primarily for the purposes of development and subsequent management.

Appendix B

8.4 The Tenant can share occupation of the Property with any company in the same group of companies as the Tenant in connection with the Permitted Use.

8.5 The Tenant can share occupation of the Property with another organisation or individuals in pursuance of or in connection with the Permitted Use.

8.6 The Landlord and the Tenant shall negotiate tenancies or other occupational agreements with respect to current users of the Lodge buildings that the Tenant has agreed to accommodate.

9. Repair

9.1 The lease will require the Tenant to keep the Property in a good state of repair which is reasonable having regard to the Permitted Use

10. Alterations

10.1 The Tenant may make structural alterations or external alterations to the Property with the Landlord's prior written consent, which cannot be unreasonably withheld.

10.2 The Tenant may make internal non-structural alterations to the Property without prior approval of the Landlord.

10.3 The Tenant may put up any signs on the outside of the Property or that would be visible from the outside of the Property relating to activities carried out at the Property by the Tenant or others but may not put up any other signs except with the Landlord's prior written consent, which cannot be unreasonably withheld.

11. Tenant's development works

11.1 There will be a separate building agreement requiring the Tenant to carry out works for the commissioning of the Property for the Permitted Use. The building agreement shall be in the form of a deed supplemental to the lease stipulating the works to be carried out at the Property.

11.2 The works required will include the scope of works included in Phases 1 and 2 and will enable all the projected community benefits to be achieved.

11.3 The building agreement will include permission that enables Phase 3 works to be progressed in line with success with fund raising activities required for its funding.

12. Costs

Each party is responsible for its own legal costs in connection with this transaction.

13. Solicitors

13.1 The Landlord's Solicitor is the South London Legal Partnership for the attention of [Rowenna Warburton].

13.2 The Tenant's Solicitor is Russell-Cooke LLP of 2 Putney Hill, London SW16 6AB, for the attention of James McCallum.

Signed by .
For and on behalf of London Borough of Sutton

Signed by .
For and on behalf of The Centre for Environmental Initiatives