

HEADS OF TERMS for an Agreement for Lease

**Livesey Exchange, Land Bounded by St James Road and Old Kent
Road, SE1 5JX**

**WITHOUT PREJUDICE, SUBJECT TO CONTRACT & THE COUNCIL
FORMAL APPROVALS**

[XX] [XXXXXX] 2018

Parties:

1. The Mayor and Burgesses of the London Borough of Southwark, 160 Tooley Street, London SE1 2QH (hereafter "The Council")
2. The Livesey Exchange, registered as Company Number 10505872 whose registered address is situated at Flat 6, Lewes House, Friary Estate, London, United Kingdom, SE15 1RP. ("Livesey Exchange")

Preamble:

- The Council is the freehold owner of land bounded by St James Road and Old Kent Road.
- The Council currently has a lease agreement with an advertising agency for the land held under Title Number: [XXXX], for 3 electronic hoarding boards located on the site frontages. This will be excluded from the Lease with Livesey Exchange.
- Livesey Exchange is an enterprise established for this project.
- The Council and the GLA are granting funds to the Livesey Exchange to build a temporary use structure, lasting 15 years, to act as a flexible and multi-purpose community hub.
- It is intended that a planning application will be submitted in April 2019 and a construction contract for the construction of the building will be let in Autumn 2019.
- The building will comprise community facilities intended to be occupied by Livesey Exchange or an approved management organisation, who will host a range of events and programmes, and sub-let to organisations subject to the below terms.
- It is intended that the parties confirm agreement to these Heads of Terms by [XXXXX]

Agreement for Lease

It is intended that the parties will enter into the following leasehold arrangement:

- The Council will grant to Livesey Exchange the lease of the Building and the Land on the terms set at Schedule 1.

The Agreement of Lease will be subject to the following conditions:

Tenant:

- Tenant to comply with all terms of the Grant Agreement.
- [Tenant to identify and appoint a guarantor or surety.]
- Planning consent and all necessary stopping up orders obtained by Livesey Exchange under the Town and Country Planning Act 1990.
- Tenant to ensure the project and business plan is viable.
- Tenant to ensure a cost plan is completed by a qualified Quantity Surveyor undertaken prior to planning submission and a pre-tender estimate completed prior to the procurement process to appoint a Contractor.
- Tenant to procure a Contractor based on a competitive tender process, demonstrating capability and value for money.
- Tenant to ensure that works carried out comply with building regulations, fire regulations, the Equality Act 2010 and any other relevant regulations.
- Tenant to ensure that electronic hoarding boards remain on the site and associated access requirements are incorporated into the design, as per the Council's approval.
- Tenant to ensure that access is provided to the hoardings by the advertising agency as per the Council's Lease Agreement to the advertising agency.

Council:

- As part of land assembly the Council is to ensure all land within the lease boundary is registered.
- The Council is to grant a licence to Livesey Exchange for construction of the building and associated landscaping works.
- The Council to review and undertake due diligence on the business plan.
- The Council to review and undertake due diligence on the cost plan and pre-tender estimate.

Schedule 1 – Lease (Council to Livesey Exchange)

Landlord	The Mayor and Burgesses of the London Borough of Southwark PO Box 65429, London, SE1P 5LX
Landlord's agent	Marcus Mayne, Regeneration South 160 Tooley Street, London SE1 2QH Tel: 020 7525 5651 Email: Marcus.Mayne@southwark.gov.uk
Landlord's lawyer	To be appointed
Tenant	Livesey Exchange, registered as Company Number 10505872, whose registered address is situated at Flat 6, Lewes House, Friary Estate, London, United Kingdom, SE15 1RP.

Tenant's agent	Nicholas Okwulu, Founder and Director, Livesey Exchange Mob: 07859821918 Email: Nicholas@pempeople.com
Tenant's lawyer	To be appointed
Surety	[To be appointed]
Demise	Land Bounded by St James Road and Old Kent Road, SE1 5JX [vehicular access to be confirmed] as shown in Plan A.
Term	15 years from commencement
Rental value	<p>[An estimated total rental value of £[XX] (payable on usual English quarter dates).]</p> <p>Calculated on the bass of the estimated market rent to be a rate of £[XX]psf for a total of [XX]sqm.</p> <p>All floor areas within these Heads of Terms are to be measured, in accordance with the requirements of the RICS Code of Measuring Practice (6th Edition) guidance note 60 (2nd edition), with reference to drawing nos:</p> <p>[XXXXXX] [XXXXXX] [XXXXXX]</p>
Rent Review	<p>Rent is reviewed upward to market value prevailing at the effective date of review.</p> <p>Rent reviews to take place 5 yearly at 5 and 10 years from commencement.</p>
Break Clause	<p>Mutual obligation for either party to determine the lease after 5 and 10 years.</p> <p>The Council is entitled to a redevelopment break after 8 years with 6 months notice.</p>
VAT	[The Council has no intention to register the building as VAT chargeable.]
Permitted uses	<p>Provision of mix of uses including workspaces, workshops, event spaces and café/restaurant uses in line with the Planning Permission granted by the Council.</p> <p>Tenant to obtain and comply with all relevant statutory consents in relation to the use of the building and land, including all required licences and approvals.</p> <p>Change of use is not permitted without the prior agreement of the Council.</p>

Hours of Operation	<p>Building operation hours are between 8.00am – 11.00pm.</p> <p>Operation outside of these hours is not permitted without the prior agreement of the Council.</p>
LTA54	Lease contracted outside the security and compensation provisions of ss24-28 of the L&T Act 1954 (part II)
Alienation	<p>Sub-letting or assignment of the building subject to landlord's absolute discretion.</p> <p>Sub-letting of part the building, permitted with landlord's consent not to be unreasonably withheld, subject to no security of tenure being made.</p>
Building Insurance	Tenant required to insure the building and associated land.
Health & Safety	Tenant to comply with all statutory and regulatory requirements for operational purposes.
Repairs	The Tenant is to put and keep the Premises in good and safe repair and condition.
Business Rates and Outgoings	The Tenant is responsible for business rates which are to be paid to the Council. The Tenant is responsible for any other outgoings, including utilities.
Yielding Up ("reinstatement")	Tenant to deliver the premises back to the Council at the end of the lease term in a good condition.
Alterations	Structural works prohibited but internal non-structural alterations permitted subject to landlord's consent, not to be unreasonably withheld or delayed.
Costs	Each party to bear its own costs
Management Agreement	<p>Will include (but will not be limited to) such things as follows:</p> <ul style="list-style-type: none"> • Livesey Exchange is to be guided by the principles of capacity building, local impact, diversity and inclusion. • Requirement for a balance of uses (event/exhibition space, work and maker spaces and retail and/or food space) in line with the Planning Permission. • The agreed selection process for sublettings. The Council expects tenants will be selected on the following criteria: locality, quality of product/service offering, quality of business plan, and commitment to the Livesey Exchange community ethos. • Requirement for Livesey Exchange to establish a Steering Group to oversee and advise on the project. • Requirement for Livesey Exchange to establish a Board with, in particular, legal and financial expertise. • Requirement for Livesey Exchange to monitor and report to the Steering Group on; equalities,

	<p>diversity and inclusion, training, employment, businesses supported and member and tenant satisfaction.</p> <ul style="list-style-type: none">• Livesey Exchange to appoint a dedicated site security and management team.• [XX] of jobs created• [XX] of training programmes completed per annum.• [XX] of community events held.• [XX] of businesses supported.
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