

APPENDIX 1

[26 June] Heads of Terms (Subject to Contract/Cabinet approval)

	Terms
Address	The Old Vic Theatre Trust 2000 ('OV')
Parties	<p>The Mayor and Burgesses of the London Borough of Southwark ("LBS") Property Development Chief Executive's Department 160 Tooley Street London SE1 2QH</p> <p>Contact: Neil Kirby Telephone: 020 7525 1878 Email: Neil.Kirby@southwark.gov.uk</p> <p>AND The Old Vic Theatre Trust 2000 The Cut London SE1 8NB</p> <p>Company no._06753149</p> <p>Contact: Kate Varah Telephone: 020 7981 0911 Email: kate.varah@oldvictheatre.com</p>
LBS Solicitor	<p>Dentons UK & Middle East LLP One Fleet Place London EC4M 7WS</p> <p>Contact: Emma Frost Telephone 020 7320 3833 Email: emma.frost@dentons.com</p>
The Old Vic's Solicitor	<p>Hogan Lovells International LLP Address: Atlantic House Holborn Viaduct, London EC1A 2FG</p> <p>Contact: Philip Brown Telephone: 020 7296 5876 Email: Philip.Brown@hoganlovells.com</p>
Dispositions	<p>LBS to loan to OV part of the monies required for building the Annex up to a maximum of £3.75m. OV to pay interest on the loan over a term of 10 years, with the right but with no obligation to make prepayments of principal of the loan during the term without penalty. Early repayment is permitted without penalty. Early repayment incentive to be agreed.</p> <p>Before the end of the 10 year term LBS and OV agree to discuss in good faith how to enable the OV to finance the repayment.</p> <p>OV to develop out the site shown edged red on the attached plan (the "Annex") as an arts hub together with commercial space. Any material variations to the overall scope of the project will require the consent of LBS.</p> <p>The loan is to facilitate OV to procure pre-construction development activities and to let the construction contract and shall include an obligation on OV to</p>

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	provide a community offer.
Payment structure	<ol style="list-style-type: none"> 1. Under a loan agreement LBS will loan to OV a sum to reflect a proportion of appropriate building costs to be agreed including development fees and associated costs. 2. The loan will be for a period of 10 years, interest only. OV will require the ability to reduce the principal of the loan by capital payments during the build and thereafter, early repayment will be permitted-terms to be agreed. 3. Loan availability will commence at a date on or after signing of the Loan Agreement when the conditions precedent to drawdown have been satisfied. 4. The loan will be available to draw so an initial amount is available (following compliance with initial CPs) from 1 September 2019 and then (following compliance with construction CPs) during the construction period on a quarterly basis until the date that is 36 months after the first drawdown. 5. The loan is to be used in payment of Annex build cost and associated development and services fees only 6. Interest to be paid annually in arrears from September 2022 onwards. Interest will accrue unpaid prior to that date and will be capitalised in addition to the amount expressed to be available to draw under "Dispositions", above. A fixed interest rate of 4.5% pa will apply to the loan.
VAT	No VAT will be payable in respect of the Loan
Legal Costs	OV will be responsible for their own and the Council's pre-agreed reasonable and proper legal fees in connection with this transaction up to a maximum of £.
Due Diligence	OV will provide LBS with the customary site investigations and archaeological surveys that are carried out in relation to the project for review.
Legal interest	Security to be a first ranking charge on the Annex. LBS to share the security rights pari passu with Lambeth Council.
Insurance	OV to insure.
Specification	OV to fit out.
Timetable	<p>Completion and signing of loan agreement: September 2019</p> <p>Start on site x</p> <p>Completion on site: x</p> <p>Practical completion longstop date: X X</p>
Warranties	Collateral warranties must be transferrable to the lender (LBS) and include architects plans and consent from other contracted professionals to use their plans and specifications.
LDs	Not applicable
Conditions	<p>Agreement and initial drawdowns are subject to:</p> <ol style="list-style-type: none"> 1) LBS approval of Valuation / cost of project / payment structure 2) Any board or committee approvals of each party <p>Drawdowns during the construction phase are subject to:</p> <ol style="list-style-type: none"> 3) A planning and building regulations consent

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	4) A signed building contract 5) OV to provide confirmation to LBS of how they are taking account of Southwark Council's Fairer Future Procurement Framework 6) OV to identify any other conditionality issues arising out of their agreement with LBS.
Disputes	English law. English courts to have jurisdiction, subject to the below. In the event of a dispute the Parties will first aim for senior dialogue followed by recourse to third party determination by arbitration or mediation.

Signed on behalf of LBS

Name

Position

Date

Signed on behalf of The Old Vic Theatre Trust 2000

Name

Position

Date