

# **WEST NORTHAMPTONSHIRE COUNCIL CABINET**

**8 March 2022**

**Portfolio Holder for Finance – Councillor Malcolm Longley**

<b>Report Title</b>	<b>Disposal of Land at Sixfields, Northampton – Addendum</b>
<b>Report Author</b>	<b>Simon Bowers, Assistant Director Assets and Environment</b> <b><u><a href="mailto:Simon.Bowers@westnorthants.gov.uk">Simon.Bowers@westnorthants.gov.uk</a></u></b>

Contributors/Checkers/Approvers

<b>MO</b>	Catherine Whitehead	3 March 2022
<b>S151</b>	Martin Henry	2 March 2022
<b>Executive Director Place, Economy &amp; Environment</b>	Stuart Timmiss	3 March 2022

## **List of Appendices**

**Appendix A** – Heads of Terms for proposed sale to CDNL

**Appendix B** – Heads of Terms for proposed sale to Cilldara

**Appendix C** – LSH Red Book valuation

## **1. Purpose of Report**

- 1.1 This report provides an update on the report of 28<sup>th</sup> February 2022 regarding options for the disposal of land at Sixfields currently owned freehold by WNC, following receipt of updated offers and consideration of these.
- 1.2 The report therefore seeks instruction from Cabinet on how, and indeed if, it wishes to progress the disposal of the site, having regard to the benefits and issues relating to each proposal.

## **2. Executive Summary**

---

- 2.1 The Council was considering offers for its land at Sixfields, with an intended decision at Cabinet on 28<sup>th</sup> February. However, late revisions were made to the offers under consideration such that it was necessary to clarify these and determine which offered the Council best consideration for its land.
- 2.2 Having reviewed the offers it is concluded that the offer from CDNL represents the best consideration available to the Council. Whilst the offer is slightly lower on a per-acre basis it offers the immediate and unconditional release of the Main Site Lease and thus grants the Council freedom to use its HWRC site and ancillary land, and has the potential for financial upside through sharing of the benefits of reducing the Homes England overage otherwise payable on development of the land.
- 2.3 The CDNL offer also provides ancillary benefits in terms of making it likely that the East Stand of the Sixfields stadium will be completed.
- 2.4 If Cabinet decides to proceed with the CDNL offer various legal processes would be involved, including obtaining consent from Homes England. These mean the disposal is likely to take between three and nine months to complete.

## **3. Recommendations**

---

- 3.1 It is recommended that the Cabinet agrees to the disposal of the site to County Developments (Northampton) Limited and Northampton Town Football Club Limited as outlined in Appendix A subject to:
- a) The expiration of the Assets of Community Value moratorium period.
  - b) Agreement from Homes England as required.
  - c) The Assistant Director Assets and Environment in consultation with the Director of Legal and Democratic Services being satisfied that all necessary steps have been taken to proceed with the disposal.

## **4. Reason for Recommendations**

---

- 4.1 To ensure that the Council complies with its legal obligations under the Localism Act 2011.
- 4.2 To meet the Council's obligations to seek best consideration in relation to land disposals, as set out in the report.
- 4.3 In addition to achieve a number of wider benefits considered to be in the interests of the Council and the community in its area:
- Generate a substantial capital receipt in the short to medium term (anticipated before the end of 2022).
  - Greatly assist in regularising the complex ownership position that exists on site:

- Most immediately in relation to the HWRC site (which would be held by the Council free from any lease to CDNL) and the other retained land.
- Also (at a later stage) in relation to the running track land if this was repurchased by WNC (as the relevant lease would be surrendered as part of the deal with CDNL).
- Remove the risks of legal challenges from CDNL to the Council's ability to break the Main Site Lease and the potential costs to the Council associated with that.
- Increase the likelihood that the East Stand would be completed.
- In the event that the East Stand was not completed, secure the return of the Running Track land to the Council's freehold ownership with very little further cost (a price of £1 with associated legal and other transactional costs).
- Making it likely the land will be developed, in line with the Council's planning policies and the aims of the Northampton Waterside Enterprise Zone.

## **5. Report Background**

---

### **Overview**

- 5.1 This report is an addendum to the report to Cabinet of 28<sup>th</sup> February 2022 and must be read in conjunction with it; generally only changes are reported here. Definitions used in that report are used here.

### **Due Diligence**

- 5.2 LSH has now completed its formal 'Red Book' valuation. This assesses the site as having a market value of the Council's interests of £685,000, and its value to CDNL/NTFC as an interested party as £820,000. This value of £820,000 is slightly lower than its previous assessment, based on a more detailed understanding of the complex tenure position. This is based on the Main Site having a developable area of 14.27 acres and the Running Track Site 3.61 acres, and a per-acre value net of the exceptional groundwork costs of £123,546.
- 5.3 The entire site if it was a simple unfettered freehold would have a market value of £2,209,000 but the value of the Council's interests (the freehold of the whole site and leasehold of part of the Running Track) is lower than this because the value is split between the freehold and the various leasehold interests, and the 50% overage payment which would be due on the Main Site to Homes England.
- 5.4 The £820,000 figure includes WNC's value in relation to the Running Track. This is assessed based on the three sets of inter-locking interests as giving WNC one-third of the unfettered value (less WNC's existing use value of £36,099, which is included in the market value figure). This amounts to £136,634.

### **The Proposals**

- 5.5 The Council now has two revised proposals before it, following submissions by both Cillarda (referenced in the 28<sup>th</sup> February report) and more recently CDNL. There are summarised below.

### Cilddara Limited proposal – *Excludes the running track site*

- 5.6 Following media coverage, the Council received an unsolicited offer from Cilddara Limited for the freehold interest, but excluding the land covered by the Running Track Lease. The offer was originally for £1,800,000 but following the request for 'best and final offers' the offer was increased to £2,050,000. Following publication of the Council report the offer was further updated, to remove conditionality around breaking the Main Site Lease.
- 5.7 The broad terms of this proposal are set out below.
- Contract for sale with Cilddara Limited.
  - Purchase price of £2,050,000.
  - Sale is subject to the Main Site Lease.
  - Cilddara would require unfettered rights to seek to break the Main Site lease would indemnify the Council from any costs associated with this.
  - The HWRC Site is retained by the Council.
- 5.8 These proposals are set out in more detail in heads of terms in Appendix B. At the time of writing confirmation was awaited as to whether these are accepted by Cilddara, but no substantial difference is expected, given they reflect correspondence with one minor change.

### CDNL sale proposal

- 5.9 Following consideration by full Council of these issues on 21<sup>st</sup> February CDNL made further proposals which were designed to address concerns and considerations raised by a number of Members.
- 5.10 The broad terms of this proposal are set out below.
- Sale of the site to NTFC (Running Track) and CDNL (remainder of the site) for a total of £2,050,000.
  - HWRC site to be retained by the Council.
  - CDNL agrees to surrender the Running Track Lease and the Main Site lease to the Council.
  - The Council will be granted an option to acquire the Running Track (only) for £1 if the East Stand at Sixfields Stadium has not been completed to the reasonable satisfaction of the Council within five years.
  - The sale will be subject to an overage if the amount required to satisfy the provisions of the Clawback Deed is lower than that currently allowed for in the valuation assumptions. If such a situation were to arise, the Council is to receive 80% of any saving up to £770,000.
  - A separate overage would apply if the site was sold prior to the earlier of five years, completion of the East Stand to the required standard, or if steps which materially increased its value were completed.
- 5.11 These proposals are set out in more detail in heads of terms in Appendix A.
- 5.12 Bower and Thomas have also given public assurances that completion of the East Stand is a priority, and an undertaking in its offer letter to complete it within five years.

## 6. Issues and Choices

---

### Best consideration

- 6.1 The two revised proposals vary in the structure but also their deliverables. On the face of it, the Cilldara proposal offers the greatest financial return per unit area of land disposed of, although the difference is relatively modest. Both offers exceed the 'Red Book' residual market value of the site as assessed by LSH.
- 6.2 When evaluating best consideration, it is important that both financial proposals are evaluated in context and taking account of the ways the proposals differ. For the current proposals, there are four key differentials:
- Extent of site (the Cilldara offer does not include the running track site).
  - Homes England overage potential upside.
  - Impact of joint landlord arrangements, especially if the Main Site Lease turns out to be difficult to bring to an end.
  - Litigation risk.

### Extent of Site

- 6.3 As highlighted earlier in this report, the CDNL proposal of £2,050,000 includes the Running Track whereas the Cilldara offer of £2,050,000 excludes the Running Track. The exclusion of the Running Track from the Cilldara Limited proposal is logical as the landlord does not have the potential ability to break the Running Track Lease in the same way that it does with the Main Site Lease. The impact on value is assessed below.

### Impact of joint landlord arrangements

- 6.4 If the Cilldara deal was chosen, the Council and Cilldara would become joint landlords of the Main Site Lease. Whilst Cilldara has suggested sensible ways of managing this situation, as reflected in Appendix B, this would still generate a degree of complexity and require ongoing engagement from the Council. In particular, Cilldara would be expected to take the lead in seeking to break (or otherwise bring to an end) the Main Site Lease, with the Council essentially a passive partner but still needing to engage in some activity, potentially including legal action.
- 6.5 If the Main Site Lease remained in place, neither the Council nor Cilldara would be able to realise any further value from the site. It may be possible that at some point in the future the Council, Cilldara, and CDNL would reach an agreement to allow each of them to share in the value of the site. However, it cannot be known when this would be or the terms on which a settlement would be reached. In the Council's case, this would leave it the tenant of CDNL for the HWRC lease, and unable to use any of the ancillary land not included in the sale to Cilldara.
- 6.6 It is unknown if the Cilldara (and the Council) would be able to break the lease from April 2024. The ability to do so could be removed by two factors (a) CDNL carrying out remediation sufficient

to fulfil the requirements of the lease, or (b) some other legal factor; whilst these other factors currently appear unlikely the nature of these factors is that they are often not seen in advance.

- 6.7 In terms of CDNL carrying out remediation works, Bower and Thomas have affirmed that they would do so if an agreement was not reached. The scale of remediation required is very hard to resolve without a detailed development scheme. This must therefore be considered a material risk.

Litigation cost, delay, and risk

- 6.8 CDNL is significantly invested in the site and the associated activities. If the Council proceeded with an alternative bid, there would be a strong incentive for CDNL to challenge that decision. CDNL would also have a strong incentive to resist breaking of the Main Site Lease. The complexity of the lease arrangements and the interaction of the provisions within the leases makes this situation very particular to these circumstances and makes it very difficult to be clear what the outcome would be if CDNL did bring a challenge.
- 6.9 The opportunities for Cilldara, given they have no existing rights over the land, would be limited to a challenge of the decision. This risk is easier to manage particularly in relation to the length of any delay associated with a challenge.

Financial considerations assessment

- 6.10 In terms of assessing the proposals on a “like for like” basis, the Cilldara offer covers the main site only. The two offers may be compared in cash terms as follows:

Offer	Area		Offered price	Price per acre
	m2	Acres	£	£
CDNL	84,566	20.90	2,050,000	98,086
Cilldara	69,966	17.29	2,050,000	118,566

- 6.11 Alternatively, if the LSH figure of a value of £136,634 for Council’s interest in the Running Track Site is used, while this is not an exact science and is subject to several variables, if considered on a straight-line basis the figures for the Main Site only appear as follows:

Offer	Area		Offered price	Price per acre
	m2	Acres	£	£
CDNL	69,966	17.29	1,913,366	110,663
Cilldara	69,966	17.29	2,050,000	118,566

- 6.12 Additionally, the following financial factors should be considered:

CDNL		Cilldara	
Pros	Cons	Pros	Cons
No need to manage joint landlord arrangements or negotiate joint landlord agreement.	Not highest cash offer.	Highest cash offer.	May not result in the HWRC site and ancillary land being freed from the Main Site Lease.
No risk involved in securing end of the Main Site Lease (as deal would require CDNL to surrender this).	Litigation with Cilldara is possible. This may be expensive and protracted.		Risk of litigation with CDNL which may be protracted and disruptive, and with uncertain outcome.
Some potential for additional income from arrangements with HE clawback (the Council would be entitled to 80% of any saving from £770,000 in the clawback).			
Council has the ability to repurchase the Running Track site for £1 if the East Stand is not completed within five years. (This is considered relatively unlikely.)			
Modest potential for overage from an early sale of all or part of the site.			

- 6.13 Both arrangements, if successful, would leave the Council with unfettered control of the HWRC site and adjacent land. With the CDNL deal the Council would also part with its interest in the running track site. The Cilldara deal would leave the Council with its freehold and leasehold interests in the running track site.
- 6.14 Overall, this suggests that the CDNL offer is to be preferred, on purely financial considerations. Whilst the Cilldara offer is theoretically marginally higher, the effort and risk attached to securing the return of the HWRC site and ancillary land, and the potential for HE clawback overage mean it is likely to be in the Council's financial interests to proceed with the CDNL offer.

### Non-financial considerations assessment

6.15 The non-financial benefits and disbenefits can be summarised as follows:

CDNL		Cilldara	
Pros	Cons	Pros	Cons
Should make it relatively likely the East Stand would be completed.	No guarantee that East Stand would be completed. (Although non-completion is considered relatively unlikely.)		Reputational damage from having been seen to walk away from a deal which was more likely to secure the East Stand completion.
Development of the site is more likely because CDNL and NTFC would have unfettered freehold ownership.	Risk of adverse perception due to previous issues relating to previous deals relating to the land.		

6.16 In the table above no significance is given to either the development proposals from CDNL and Cilldara, or the identity of the owners (individual or corporate). This is because neither would be secured in the proposed agreement, and they could easily change.

6.17 As previously, these non-financial considerations are best considered ancillary benefits to a decision taken on financial or commercial grounds.

### Alternative options

6.18 None of these alternative options previously identified appear preferable, whether on purely financial or on wider policy terms, to accepting the CDNL offer.

### Further issues

6.19 The structure of ownerships are such that the following would be necessary to give effect to a decision to proceed with the CDNL offer:

- CDNL would give up the Main Site Lease and Running Track Lease.
- NTFC would give up the part of the Stadium Lease which overlapped with the Running Track Lease.
- The Council would give up the WNC Leasehold.
- The Council would transfer the freehold of the land edged red on Plan 2 to NTFC (for the Running Track) and CDNL (for the remainder), subject to the provisions outlined in 5.10.



- CDNL would grant the Council the option to repurchase the Running Track site for £1 if the East Stand was not completed in time. A restriction would be entered at the Land Registry protecting this.
- 6.20 A range of legal mechanisms may be used to achieve these outcomes. This would include arrangements reflecting the commitment given by Bower and Thomas in relation to the East Stand.
- 6.21 It is also possible some minor modifications to the western boundary of the Running Track site might be needed to ensure the whole stadium (as completed) remained within WNC freehold and NTFC leasehold (the Stadium Lease).
- 6.22 In accordance with the Cabinet decision on 28<sup>th</sup> February the ACV process has been triggered. It seems unlikely any community interest group would be able to raise sufficient funds to secure interest of the parties (NTFC, CDNL and WNC) in parting with their interests in the Running Track site, and the complex nature of the site and the legal interests in it mean it would also be impracticable. Therefore, it is unlikely any real decision about considering a community offer will arise. Should it do so it would be considered in the normal way.
- 6.23 The more practical effect of the ACV legislation is that there will need to be a delay of at least six weeks, and potentially around eight months, before it was possible to complete a legal agreement with CDNL and NTFC.
- 6.24 If the Council was to proceed with the CDNL or Cillarda offer, it would be necessary to obtain consent from HE under the Clawback Deed and Legal Charge (and ideally a release of the retained land from these). Whilst consent is expected to be forthcoming, it would doubtless take some time and would involve a number of legal processes.
- 6.25 The net effect of the issues, and the other legal processes required, is that it is likely to take between three and nine months to complete the transaction from the time the Cabinet decision becomes effective, provided all parties co-operate effectively and no unexpected issues arise.

## **7. Implications (including financial implications)**

---

### **Resources and Financial**

- 7.1 The significant changes to the CDNL offer are the:
- Higher value now offered for the land.
  - Limitation of the ability to re-purchase for £1 to the Running Track only.
  - Additional overage provision to increase the Council's share of value from an early sale of unimproved land.
- 7.2 For clarity, any payment the Council became due to receive from any savings in the HE overage and any payment it would receive under its own overage would be in addition to the £2.050m purchase price.

## **Legal**

- 7.3 It should be noted that Regulation 2(b) of the Assets of Community Value (England) Regulations 2012 requires that when land subject to an asset of community value (ACV) designation is transferred to a new owner, its status as an ACV automatically ends.
- 7.4 Land which has ceased to be an ACV can be the subject of a fresh application to register it as an ACV. Such an application would be assessed based on the legal requirements, which set out in Section 88(1) and (2) of the Localism Act 2011. They are that:
- a) a current or recent past use of the building or other land that is not an ancillary use furthers the social wellbeing or social interests of the local community, and
  - b) it is realistic to think that there can continue to be, or would be in the next five years, non-ancillary use of the building or other land which will further (whether or not in the same way) the social wellbeing or social interests of the local community.
- 7.5 Given the current condition of the Running Track, and the condition it has been in for some time, it is unlikely that condition (a) would be met and accordingly the Council would probably be unable to list it as an ACV.

## **Risk**

- 7.6 The risks largely remain as previously considered. The only change of note is that with less land tied to the completion of the East Stand the risk of its non-completion may be considered somewhat higher.

## **Consultation**

- 7.7 No further issues relating to consultation have arisen.

## **Consideration by Overview and Scrutiny**

- 7.8 The report has not been considered by the Overview and Scrutiny committee.

## **Climate Impact**

- 7.9 No further issues relating to climate have arisen.

## **Community Impact**

- 7.10 No further issues relating to the community have arisen.

## **Communications**

- 7.11 These matters remain of considerable public and press interest.

## 8. Background Papers

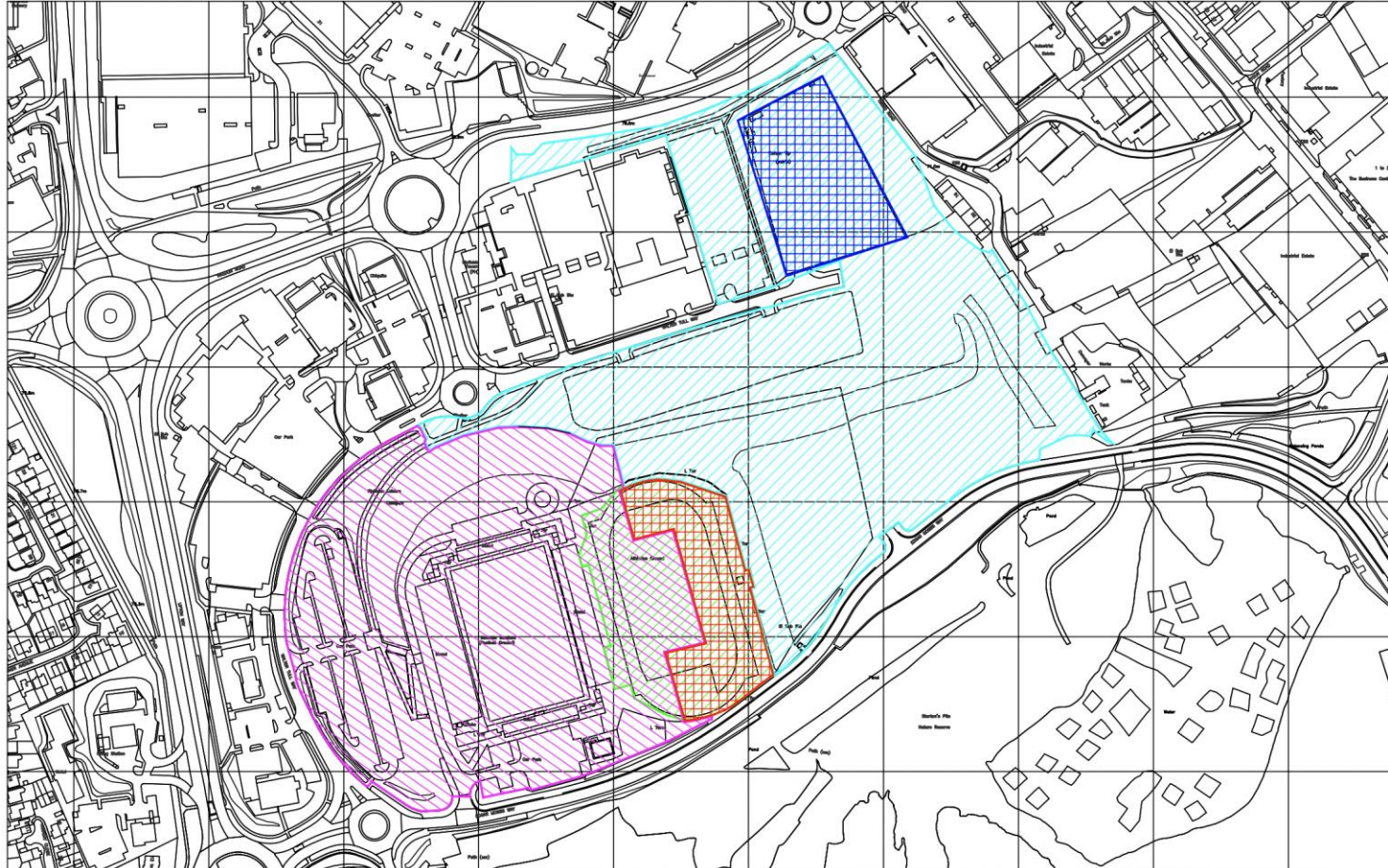
---

8.1 None



West  
Northamptonshire  
Council






## Plan 1: Current leasehold interests



West  
Northamptonshire  
Council

Assets & Environment

### KEY

-  CDNL
-  NTFC
-  WNC (NCC)
-  WNC (NBC)
-  CDNL

Where a drawing is derived from Ordnance Survey data, the following copyright statement applies: This drawing is based upon Ordnance Survey material with the permission of Ordnance Survey on behalf of the Controller of Her Majesty's Stationary Office © Crown copyright. Unauthorised reproduction infringes Crown copyright and may lead to prosecution or civil proceedings. 100023205

Title: Leasehold Interests -  
Land at Sixfields, Northampton

Scale: 1:3000 at A3

Date: 20th January 2022

Drg No: 002 v2



[illegible]

Drg No: 012

[illegible]

Title: Sixfields Proposal  
Northampton  
Area of all red lined land 69,966 M2

Drg No: 013

## Appendix A – Heads of Terms for proposed sale to CDNL and NTFC

<b>Section 1 – The Property</b>	
Property	<p>Land at Sixfields Northampton Northamptonshire</p> <p>The extent of the Property is shown edged Red on the attached plan. The parties agree to complete a more detailed assessment as the matter progresses.</p>
<b>Section 2 – The Parties</b>	
Seller	West Northamptonshire Council
Seller Address	<p>One Angel Square 4 Angel Street Northampton NN1 1ED</p>
Seller Contact	<p>Assets &amp; Environment West Northamptonshire Council One Angel Square 4 Angel Street Northampton NN1 1ED</p>
Purchaser	<p>County Developments (Northampton) Limited.</p> <p>Registered office: Willow House, 2 Heynes Place, Station Lane, Witney OX28 4YN</p> <p>Company registration number: 08589683</p>
Purchaser Address	<p>Sixfields Stadium Edgar Mobbs Way Northampton NN5 5QA</p>
Purchaser Contact	<p>County Developments (Northampton) Limited Sixfields Stadium Edgar Mobbs Way Northampton NN5 5QA</p>
Football Company	Northampton Town Football Club Limited

	Registered office: Sixfields Stadium, Northampton NN5 5QA Company registration number: 00183917
Football Company Address	Sixfields Stadium Edgar Mobbs Way Northampton NN5 5QA
Football Company Contact	Northampton Town Football Club Limited Sixfields Stadium Edgar Mobbs Way Northampton NN5 5QA
<b>Section 3 – General Definitions</b>	
West Northamptonshire Council	The Statutory successor to Northampton Borough Council and the Property registered proprietor of the freehold estate in the Property and the registered proprietor of a leasehold interest in part of the Property, which part is registered under Title No NN320714
Running Track Lease	Lease dated 17th September 2013 made between Northampton Borough Council (1) and County Developments (Northampton) Limited (2) of that part of the Property shown on the plan attached to that lease, which lease is registered under Title No NN342005
Running Track	The land demised in the Running Track Lease.
Main Site Lease	Lease dated 11th April 2014 made between Northampton Borough Council (1) and County Developments (Northampton) Limited (2) of that part of the Property shown on the plan attached to that lease, which lease is registered under Title No NN329042
Main Site	The land demised by the Main Site Lease to the extent it falls within the Property.
NTFC Lease	Lease dated 13th April 2004 made between Northampton Borough Council (1) and Northampton Town Football Club Limited (2) of Sixfields Stadium and part of the Property (originally comprising the whole of the running track. The NTFC Lease is registered with Title No NN248516.
Seller's Leasehold	The leasehold estate held by the Seller of part of the Property registered under Title No NN320714
HCA (Homes England) Clawback	Clawback Deed relating to land at Sixfields, Northampton dated 11 <sup>th</sup> April 2014 and made between Homes and Communities Agency (1) and Northampton Borough Council (2)



East Stand	<p>Means the East Stand of the Sixfields Stadium, Edgar Mobbs Way, Northampton, to as a minimum include:</p> <ul style="list-style-type: none"> <li>• 10 hospitality boxes</li> <li>• Boardroom area</li> <li>• Restaurant and bar areas</li> <li>• Kitchen area</li> <li>• Viewing area for spectators with disabilities</li> <li>• At least 300 additional seats</li> <li>• Classroom areas suitable for educational use for children and young people under the age of 18 on non-matchdays</li> <li>• Community use areas for non-match day use</li> </ul>
Completed	Completed in accordance with all planning, building regulations and other statutory requirements and safety requirements and in accordance with the plans and specifications approved by the Seller (such approval not to be unreasonably withheld or delayed).
<b>Section 4 – The Transaction</b>	
Summary	<p>The disposal of the Seller's freehold estate in the Main Site by the Seller to the Purchaser and the disposal of the Seller's Freehold estate in the Running Track and the Seller's Leasehold in part of the Property by the Seller to the Football Company, together for the Purchase Price. The sale shall be with vacant possession on completion.</p> <p>The simultaneous surrender of the Main Site Lease and the Running Track Lease by the Purchaser.</p> <p>The simultaneous surrender by the Football Company of that part of the Property as is still included in the NTFC Lease.</p> <p>The simultaneous grant by the Football Company to the Seller of the Option to Purchase and the Legal Charge as set out below.</p>
Purchase Price	£2,050,000 plus VAT (if applicable).
Option to Purchase	<p>The Football Company agrees in return for payment of an option sum of £1 to grant the Seller an option to acquire the Freehold interest in the Running Track for an option price of £1.</p> <p>This option can be exercised at any time after the expiry of a period of 60 months from and including the date of the transfer of the Property unless it is agreed or determined that the East Stand has been Completed.</p>

	<p>The Football Company shall notify the Seller as soon as possible that it considers that the East Stand has been Completed. Any dispute as to whether or not the East Stand has been completed may be referred to an independent expert for determination.</p> <p>The Option to Purchase will also be protected by a restriction on title and shall be binding on the Football Company and its successors in title.</p> <p>Within 20 working days of the date upon which it is agreed or determined that the East Stand has been completed the Seller will make an application to Land Registry to remove the restriction.</p>
Existing Leases	<p>The Purchaser and the Football Company agree with the Seller that the following will be surrendered simultaneously with the Purchase of the Property:</p> <ul style="list-style-type: none"> <li>• Running Track Lease</li> <li>• Main Site Lease.</li> <li>• The NTFC Lease (in relation to the part comprised in the Property only)</li> </ul> <p>The Football Company shall be required to apply to Land Registry following completion of the disposal to merge the Seller's Leasehold into the freehold estate in the Running Track.</p>
HCA (Homes England) Clawback and Other Conditions	<ol style="list-style-type: none"> <li>1. The Purchaser, the Football Company and the Seller agree that the Seller will need to satisfy the engagement obligations because of part of the site being listed as an Asset of Community Value (ACV) registration under the provisions of the Localism Act 2011.</li> <li>2. The disposal of the Main Site shall be subject to the Homes England Clawback and all its terms in so far as such terms relate to the Property.</li> <li>3. On completion the Purchaser shall enter a direct covenant and legal charge with Homes England in relation to the Property as required by the terms of the Homes England Clawback.</li> <li>4. From and including the date of disposal of the Property the Purchaser shall be responsible for satisfying all obligations pursuant to the Clawback Deed in relation to the Property and the Purchaser shall indemnify the Seller against all liability in relation to such obligations.</li> </ol>

	<p>5. The Purchaser and the Seller agree to seek to resolve any issues with the Clawback Deed (which may require a deed of variation) and the HCA's existing legal charge over part of the Property to ensure that the Seller is able to obtain HCA consent to dispose of the property and has no liability for any clawback due under the Clawback Deed in relation to the Property.</p> <p>6. The Seller, the Purchaser and the Football Company agree that the NTFC Lease will be varied so as to ensure that, post-sale, the NTFC Lease only demises land retained by the Seller. The detailed process is to be agreed between the parties.</p> <p>7. The Seller is to grant the Purchaser a right of way to the Purchaser and its successors in title across those parts of Walter Tull Way that do not currently form part of the Highway maintained at public expense (the adopted highway) and that are required to provide access to the Property and subject to the Purchaser and its successors in title paying a fair and reasonable contribution to the maintenance of the road (where applicable).</p>
Seller Legal Charge	The Seller is to be granted a First Legal Charge over the Property to secure the Clawback Overage obligations (see below) of the Purchaser. (If the consent of Homes England cannot be obtained to demote its charge, then this charge will be a Second Legal Charge.)
Clawback Overage	<p>It has been agreed between the parties that if, following negotiations the sum payable in satisfying the Homes England) Clawback is less than £770,000 (plus VAT where applicable), the Purchaser or their successor in Title is to pay 80% of this saving to the Seller.</p> <p>The Purchaser or their successors in Title will be required to use all reasonable endeavours to minimise the sum payable in satisfying the HCA (Homes England) Clawback and provide evidence of those discussions to the Seller on request.</p>
Use of the Running Track	The Football Company and the Purchaser acknowledge that any benefit derived from the Running Track shall be for the benefit of the Football Company
WNC Overage	In the event that the Main Site is sold in whole or in part prior to the first Relevant Event occurring then the Purchaser will pay to the Seller 20% of any increase between the sale price and the price paid by the Purchaser plus any sum paid under the Homes England Clawback. This will be assessed on a per acre basis.

	<p>‘Relevant Event’ for these purposes means any of the following:</p> <ul style="list-style-type: none"> <li>a) The passage of 60 months from the date of transfer.</li> <li>b) The remediation of the Main Site to the satisfaction of the Seller.</li> <li>c) Planning permission having been obtained for a significant development on the Main Site.</li> </ul> <p>For the avoidance of doubt:</p> <ul style="list-style-type: none"> <li>• No sale occurring after the first Relevant Event will generate a liability to pay WNC Overage.</li> <li>• For these purposes, a ‘sale’ includes a binding agreement to sell, except an agreement to sell which is conditional on (b) or (c) above being achieved.</li> </ul>
Legal Costs	Each party is to bear their own legal costs incurred in this transaction.
<b>Section 5 – Other Conditions</b>	
Seller Conditions	<p>Subject to Contract</p> <p>Subject to Cabinet, Cabinet Member, Delegated Authority (as appropriate) or any other statutory process that may be required to complete the transaction</p> <p>Subject to the Seller complying with the requirement of the HCA (Homes England) Clawback Deed and Legal Charge.</p> <p>Subject to the Seller taking advice in relation to the SDLT / VAT implication of this transaction (and its component parts)</p>
Purchaser Conditions	Subject to the Purchaser taking advice in relation to the SDLT / VAT implication of this transaction (and its component parts)
<b>Section 6 – Legal Advisors</b>	
Seller Solicitors	<p>Browne Jacobson LLP</p> <p>Mowbray House</p> <p>Castle Meadow Road</p> <p>Nottingham</p> <p>NG2 1BJ</p>
Purchaser Solicitors	<p>Bower Bailey</p> <p>Anchor House</p> <p>269 Banbury Road</p> <p>Summertown</p> <p>Oxford</p> <p>OX2 7JF</p>

--	--

(Personal information has not been included in this copy.)

## Appendix B – Heads of Terms for proposed sale to Cillarda

Section 1 – The Property	
Property	Land at Sixfields Northampton Northamptonshire  The extent of The Property is shown edged Red on the attached plan. The parties agree to complete a more detailed assessment as the matter progresses.
Section 2 – The Parties	
Seller	West Northamptonshire Council
Seller Address	One Angel Square 4 Angel Street Northampton NN1 1ED
Seller Contact	Assets & Environment West Northamptonshire Council One Angel Square 4 Angel Street Northampton NN1 1ED
Purchaser	Cillarda Group Holdings Limited
Purchaser Address	The Mill 1 High Street Henley in Arden B95 5AA
Purchaser Contact	The Mill 1 High Street Henley in Arden B95 5AA
Section 3 – General Definitions	
West Northamptonshire Council	The Statutory successor to Northampton Borough Council and the Property registered proprietor of the freehold estate in the Property.
Main Site Lease	Lease dated 11 <sup>th</sup> April 2014 made between Northampton Borough Council (1) and County Developments (Northampton) Limited (2) of that part of the Property shown on the plan attached to that lease.

HCA (Homes England) Clawback	Clawback Deed relating to land at Sixfields, Northampton dated 11 <sup>th</sup> April 2014 and made between Homes and Communities Agency (1) and Northampton Borough Council (2).
<b>Section 4 – The Transaction</b>	
Summary	<p>The disposal of the Seller's freehold estate in the Property by the Seller to the Purchaser for the Purchase Price.</p> <p>The purchase is subject to the Main Site Lease.</p>
Purchase Price	£2,050,000 plus VAT (if applicable).
Deposit	The Purchaser is to pay a non-refundable deposit equating to 5% of the Purchase Price on agreement of the Heads of terms and the respective solicitors being instructed. This deposit is only repayable to the Purchaser if the Seller withdraws from the sale through no fault of the Purchaser.
Completion Date	No more than 28 days after exchange. •
Joint Landlords, HCA (Homes England) Clawback, and Other Conditions	<ol style="list-style-type: none"> <li>1. The Seller and the Purchaser will enter into an agreement managing their relationship as joint Landlord with the following key provisions: <ol style="list-style-type: none"> <li>a. In relation to requests for Landlord's consent or incidents of Tenant breach, the parties would agree to act reasonably in accordance with the provisions of good estate management with any dispute being referred to expert determination.</li> <li>b. Each party would indemnify the other for a breach of Landlord's covenants for which it was responsible.</li> <li>c. The Seller would consent to, and as necessary take part in, any steps necessary to seek to break the lease under clause 7.4. The Purchaser would meet all of the Seller's costs incurred in this or any connected matter (for example, litigation).</li> <li>d. The Purchaser may not seek to end the lease only on its land. If it seeks to negotiate an end to the Lease with the Tenant such end must apply to the whole lease.</li> <li>e. The Purchaser would meet all of the Seller's costs incurred under c or d or any connected matter (for example, litigation).</li> </ol> </li> <li>2. The disposal of the Property shall be subject to the Homes England Clawback and all its terms in so far as such terms relate to the Property.</li> </ol>

	<p>3. On completion the Purchaser shall enter a direct covenant and legal charge with Homes England in relation to the Property as required by the terms of the Homes England Clawback.</p> <p>4. From and including the date of disposal of the Property the Purchaser shall be responsible for satisfying all obligations pursuant to the Clawback Deed in relation to the Property and the Purchaser shall indemnify the Seller against all liability in relation to such obligations.</p> <p>5. The Purchaser and the Seller agree to seek to resolve any issues with the Clawback Deed (which may require a deed of variation) and the HCA's existing legal charge over part of the Property to ensure that the Seller is able to obtain HCA consent to dispose of the property and has no liability for any clawback due under the Clawback Deed in relation to the Property.</p> <p>6. The Seller is to grant the Purchaser a right of way across those parts of Walter Tull Way that do not currently form part of the Highway maintained at public expense (the adopted highway) and that are required to provide access to the Property and subject to the Purchaser paying a fair and reasonable contribution to the maintenance of the road (where applicable)</p>
Legal Costs	Each party is to bear their own legal costs incurred in this transaction.
<b>Section 5 – Other Conditions</b>	
Seller Conditions	<p>Subject to Contract</p> <p>Subject to Cabinet, Cabinet Member, Delegated Authority (as appropriate) or any other statutory process that may be required to complete the transaction</p> <p>Subject to the Seller complying with the requirement of the HCA (Homes England) Clawback Deed and Legal Charge.</p> <p>Subject to the Seller taking advice in relation to the SDLT / VAT implication of this transaction (and its component parts)</p>
Purchaser Conditions	Subject to the Purchaser taking advice in relation to the SDLT / VAT implication of this transaction (and its component parts)
<b>Section 6 – Legal Advisors</b>	
Seller Solicitors	Browne Jacobson LLP



	Mowbray House Castle Meadow Road Nottingham NG2 1BJ
Purchaser Solicitors	Lodders Solicitors Elm Court Number Ten Arden Street Stratford Upon Avon CV37 6PA

(Personal information has not been included in this copy.)

### **Appendix C – LSH Red Book valuation**