

**OPTION TO PURCHASE AGREEMENT**  
>> day of << >> 20<< >>

**(TO BE DETERMINED)** dated the <<

**Landlord:** <<Landlord's name>> <<Address>> [(company number << >>)]

**Tenant:** <<Tenant's name>> <<Address>> [(company number << >>)]

**Completion Date:** << >> working day << >> months after the Price Option or (if later) << >> working days after the Price

**Expert:** An member or fellow of the Institution of Chartered Surveyors with at least ten years' experience in matters similar to the Property

**Market Value:** The best price obtainable from a willing buyer for the Property at the date of the Option disregarding the Tenancy Agreement and assuming the Property is sold with vacant possession and is in a good state of repair

**Option:** The right to require the Landlord to convey the whole of the Property to the Tenant on payment of the Option Fee

**Option Fee:** £<< >>

**Option Period:** From and including << >> << >> until 5pm on << >>

**Price:** The greater of £<< >> and the Market Value or determined as the Market Value

**Property:** The freehold property shown on the plan attached to this Agreement registered with title number << >> known as:-

<<Address>>  
<<Address>>  
<<Address>>

**Tenancy Agreement:** The tenancy agreement entered into between (1) <<Landlord's name>> and (2) <<Tenant's name>>

**1. Grant of Option**

- 1.1 In consideration of the sum of £<< >> paid by the Tenant to the Landlord (receipt of which the Landlord shall sign) the Landlord grants the Option to the Tenant.
- 1.2 The Option is granted in accordance with the terms of this Agreement.
- 1.3 The Option may be exercised by the Tenant before the end of the Option Period.
- 1.4 The Option shall immediately terminate if the Tenancy Agreement is forfeited or otherwise ceases to have effect or if the Option is exercised after the end of its contractual term.
- 1.5 The grant of the Option shall be subject to the payment by the Tenant of the Option Fee. The Tenant may not assign, sub-lease or otherwise dispose of the Option under this Agreement.

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**2. Exercise of Option**

- 2.1 The Option is to be exercised by the Tenant by serving notice on the Landlord stating that the Tenant is exercising the Option.
- 2.2 Once the Option is exercised, the Landlord and Tenant will be contractually bound to purchase the Property at the Price on the Completion Date. The Standard Conditions of Sale (Fifth Edition) will be incorporated into the purchase contract insofar as they are not inconsistent with the terms of this Agreement.

**3. Price**

- 3.1 If the Landlord and Tenant do not agree on the Price within << >> working days after the exercise of the Option, they will immediately refer the matter to the Expert to determine the Price.
- 3.2 If the Landlord and Tenant do not agree on the Market Value within << >> working days after the exercise of the Option, either party may refer the matter for determination to the Expert and will agree with the terms of the Expert's decision.
- 3.3 The parties will agree on an Expert and will agree with the terms of the Expert's decision.
- 3.4 If the Landlord and Tenant do not agree on an Expert or the terms of the appointment within << >> working days after the date of exercise of the Option, either party may refer the matter to the Royal Institution of Chartered Surveyors to appoint the Expert and to agree with the terms of the Expert's decision.
- 3.5 The Expert must provide a written decision to the parties within << >> working days of the parties within a << >> working days of the matter being referred to the Expert.
- 3.6 The Landlord and Tenant will ensure that they provide the Expert with all necessary submissions to the Expert and assistance and documents as the Expert may require to reach a decision.
- 3.7 The Expert will act as an arbitrator and will determine the Market Value. The Expert's decision will be final and binding on the parties save in the case of fraud.
- 3.8 Each party will bear its own costs in relation to the reference to the Expert. The Expert's fees and costs (including the costs of any report prepared by the Expert) will be paid by the parties equally or in such proportions as the Expert may direct.

**4. Title**

- 4.1 The Property is registered with title number << >>.
- 4.2 The Property will be sold free of all encumbrances save from the Tenancy Agreement and the Standard Conditions of Sale in standard condition 3.1.2 of the Standard Conditions of Sale and the incumbrances (if any) listed below:  
  
<< >>
- 4.3 The Tenant is deemed to have acquired title prior to the date of this Agreement and made no representations about title after this Agreement is entered into.

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**5. Dealings with the Property**

5.1 The Landlord may not dispose of or create any interest over the Property on the Completion Date, dispose of or create any interest over the Property without the Tenant's prior written consent.

5.2 If the Landlord transfers the Property (or any part of the Property), the transferee, chargee or lessee enters into a lease of the Property (or any part of the Property) in favour of the Tenant requiring the transferee, chargee or lessee to perform the obligations of the Landlord in this Agreement.

5.3 The Landlord consents to the Landlord applying to the Land Registry to enter a restriction against the Property:

"No disposition of the Property, or by the proprietor of the registered estate, or by the proprietor of the registered charge, not being a charge registered before the date of this Agreement, is to be registered without a certificate signed by the proprietor of the registered estate named << insert full name >> that the provisions of clause [5.2] of an Option Agreement dated the << insert day >> day of << insert month >> 20<< insert year >> have effect or that they do not apply to the disposition."

**6. Completion of sale and purchase**

6.1 Completion of the sale and purchase shall take place on the Completion Date.

6.2 The transfer deed will be executed by the Landlord or the Landlord's solicitors] OR [in the form of the Tenancy Agreement].

6.3 The Tenant will pay the purchase price on the Completion Date by direct credit to a UK bank account held by the Landlord.

6.4 The Property is sold to the Tenant for the benefit of the Tenancy Agreement.

6.5 On completion the Tenant's interest shall merge with the Landlord's interest in the Property.

6.6 [The Landlord shall not be entitled to any payments paid in respect of the Property in the period after completion.]

6.7 [On the Completion Date the Tenant shall pay to the Landlord <<insert any other payments e.g. Landlord's legal fees>>.]

**7. Land Registry Notices**

7.1 Neither party shall apply to be entered on the registered title to the Property.

7.2 The Tenant may apply to be entered on the registered title in relation to the Property and the Landlord shall not object to such an application.

7.3 "Agreed notice" and "agreed restriction" shall have the meanings ascribed to them by section 34 of the Land Registration Act 2002.

7.4 After the end of the period specified in the Agreed Notice, the Tenant will apply for the removal of any restriction in relation to the Property in the Agreed Notice.

**8. Value Added Tax**

8.1 Any sums payable by the Tenant under the Agreement are exclusive of value added tax.

8.2 The Tenant shall pay any value added tax which is chargeable on the sums payable by the Tenant under the Agreement.

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on any sums payable under this Agreement.

**9. Miscellaneous**

9.1 The Landlord and Tenant Agreement has no effect on any person who is not a party to this Agreement by virtue of the Contracts (Rights of Third Parties) Act 1999.

9.2 All notices given under this Agreement must be in writing and for the purpose of service the provisions of Section 196 of the Law of Property Act 1925 shall apply as if included in this Agreement.

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Signed by/on behalf of the Landlord .....

Signed by/on behalf of the Tenant .....

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NOTE: Draft transfer to be annexed to this Agreement.

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