

[On letterhead of Buyer]

[Name and Address of Seller] (the **Seller**)

Dated: [Date]

[Name] Limited (the **Company**)

We refer to our

the **Buyer**) from

This letter of int

This letter is no  
*separate exclus  
period*] paragra  
*Jurisdiction*), w  
each a **Party**).

*There is there is a  
exclusivity  
of Law and  
Parties and*

**1. The Co**

1.1 The Cor  
office is

its registered

1.2 The Cor  
consequ

re acquired as a

(a)

umber] and a

(b)

e ]% by the

1.3 The Cor

**p Company.**

**2. Shares**

2.1 The Buy  
ordinary  
by the S

sing [number]  
officially owned

**3. Consid**

*Option 1 – Cons*

3.1 The cor  
**Consid**  
Transac

Amount] (the  
posed

*Option 2 – Cons  
further instalme*

n one or more

3.1 The cor  
**Consideration**), payable by the Buyer:

Amount] (the

- (a) as to £[Amount], in cash at completion of the Proposed Transaction (**Completion**); and
- (b) as to the balance of £[Amount], in cash [on the date which is [Number] months following Completion].

*Option 3 – Consideration payable partly at Completion and partly following Completion on an earnout basis depending on the future performance of the Company*

- 3.1 The consideration for the acquisition of the Sale Shares (the **Consideration**) shall be:
- (a) the sum of £[Amount] (the **Initial Consideration**), payable by the Buyer in cash at completion of the Proposed Transaction (**Completion**); and
  - (b) additional consideration to be calculated and payable in accordance with paragraphs

3.2 The Additional Consideration shall be calculated over the [specify other period] period commencing on the date of Completion and shall be payable in cash. The **Earnout Target** shall be [specify other period] period commencing on the date of Completion and shall be payable in cash.

3.3 If the Earnout Target is not achieved, the Additional Consideration shall be reduced to [specify percentage] % of the [specify amount] [consideration].

3.4 The calculation of the Additional Consideration shall be subject to the terms of the Additional Consideration Agreement. The Additional Consideration shall be payable in cash in accordance with the terms of the Additional Consideration Agreement.

*Option for adjustment of the Additional Consideration:* If there will be a payment of the Additional Consideration, there will be a payment of the Additional Consideration in accordance with the terms of the Additional Consideration Agreement.

3.5 [The net assets of the Company] shall be the sum of the net assets of the Company and shall be calculated in accordance with the terms of the Additional Consideration Agreement.

3.6 The adjusted net assets of the Company shall be calculated in accordance with the terms of the Additional Consideration Agreement.

**4. Conditions**

4.1 The Proposed Transaction shall be subject to the following conditions precedent:

- (a) the Seller shall have obtained all necessary consents and approvals from the relevant authorities;
- (b) the Seller shall have obtained all necessary consents and approvals from the relevant authorities;
- (c) the Seller shall have obtained all necessary consents and approvals from the relevant authorities;

(d) [the [Seller] entering into a new service agreement with the Company for a term of [period] years [at an annual salary of £[ ] [specify any other agreed terms];]

(e) [the approval of the Proposed Transaction by the [board of directors] [shareholders] of the [Buyer] [Seller]; and

(f) [any other conditions specific to the transaction].

4.2 The Parties anticipate that the signature of the Share Purchase Agreement and Completion will take place simultaneously, with all conditions being satisfied either prior to or simultaneously at Completion.

**5. Share Purchase Agreement**

5.1 The Buyer will instruct its solicitors to prepare the first draft of the Share Purchase Agreement.

5.2 The Seller will provide to the Buyer all documents referred to in paragraph 5 as well as customary documents in connection with the Proposed Transaction.

5.3 The Seller will provide to the Buyer in favour of the Buyer the following paragraph(s) in the Share Purchase Agreement:

- (a) [redacted]
- (b) [redacted]
- (c) [redacted]
- (d) [redacted] Proposed
- (e) [redacted] solicitors and the
- (f) [redacted]
- (g) [redacted]
- (h) [redacted]
- (i) [redacted]
- (j) [redacted]
- (k) [redacted]
- (l) [redacted]
- (m) [redacted]
- (n) [redacted]

5.4 The Seller will provide to the Buyer all documents referred to in paragraph 5 as well as customary documents in connection with the Proposed Transaction.

- (a) [redacted]
- (b) [redacted] ration or other
- (c) [redacted] s due diligence.

5.5 The liability of the Seller under the warranties [and indemnities] in the Share Purchase Agreement shall be subject to customary limitations for a transaction the nature of the Proposed Transaction[, including: [*delete paragraphs (a) – (d) if not desired to negotiate specific limitations at this stage*]

- (a) time limits for claims to be brought by the Buyer [to be agreed between the Parties] [ , being:

- (i) in the case of non-tax claims, [24/36 months] following Completion; and
- (ii) in the case of tax claims, [seven] years following Completion;
- (b) the aggregate liability of the Seller being limited to [the Consideration] [£[amount]];
- (c) [an exclusion for individual claims of less than £[amount] and a claims basket of £[amount]] OR [an exclusion for individual claims and a claims basket in amounts to be agreed between the Parties]; and

(d) [redacted] to the Buyer

5.6 The Seller [redacted] of the Buyer

5.7 [The obligations] [redacted] it will be

**6. Transactions**

6.1 The Parties

6.2 [The provisions]

(a)

(b)

6.3 The Seller [redacted] on reasonably relevant

6.4 All requests [redacted] [redacted] The [redacted] with the prior [redacted] company or any of [redacted]

**7. Exclusivity** [redacted] **or the**

7.1 This part

7.2 In consideration of the Commission on the [redacted] will end [redacted] **Exclusivity Period):**

- (a) induce, solicit any or enter into any agreement, arrangement or understanding (whether or not legally binding) relating to:
  - (i) the sale or other disposal to any person other than the Buyer of all or any of the issued share capital of the Company or of any other Group Company;

- (ii) the sale or other disposal to any person other than the Buyer of all or any part of the undertaking, business or assets of the Company or of any other Group Company (other than in the ordinary course of business); or
- (iii) any investment in the Company or in any other Group Company by any person other than the Buyer; or

(b) induce, solicit or carry on any discussions or negotiations with any person other than the Buyer relating to any activity referred to in paragraph 7.2(a) above; or

(c) any activity relating to the Buyer (as defined in paragraph 1.1) above or any

7.3 The Seller shall bear the costs and expenses, direct and indirect, incurred by the Buyer and the Seller in connection with the Proposed Transaction, but excluding the costs and expenses incurred by the Buyer in connection with the Proposed Transaction.

7.4 [Without prejudice to paragraph 7.3, the Seller shall bear the costs and expenses, direct and indirect, incurred by the Seller in connection with the Proposed Transaction, up to a maximum of £100,000.

7.5 The Seller shall be liable for any damages, losses, costs and expenses, direct and indirect, incurred by the Buyer in connection with the Proposed Transaction, including any costs of injunction, in respect of any breach of this paragraph.

7.6 No omission shall operate to invalidate this paragraph 7.

## 8. Confidentiality

8.1 This paragraph shall be legally binding between the Parties. *Option 1 – use of the word "Confidentiality" between the Parties*

8.2 This letter of Intent shall not be disclosed to any third party.

8.3 A Party shall not be bound by this paragraph if it is necessary to disclose the information contained herein to any third party in connection with the Proposed Transaction.

*Option 2 – use of the word "Confidentiality" between the Parties*

8.2 This letter of Intent shall be disclosed to any third party into between the Parties.

## 9. Fees

9.1 This paragraph is legally binding between the Parties.

9.2 [Save as provided in paragraph [7.4]], each party will bear its own costs and expenses in relation to this letter and the Proposed Transaction.

## 10. Governing Law and Jurisdiction

10.1 This paragraph is legally binding between the Parties.

- 10.2 This letter and any dispute, claim or obligation (whether contractual or non-contractual) arising out of or in connection with this letter, its subject matter or formation shall be governed by English law.
- 10.3 The Parties irrevocably agree that the English courts shall have exclusive jurisdiction to settle any dispute or claim (whether contractual or non-contractual) arising out of or in connection with this letter, its subject matter or formation.

Please sign, date and return the attached copy of this letter to acknowledge your agreement to its terms.

Yours faithfully

\_\_\_\_\_  
Duly authorised  
[Buyer]

\_\_\_\_\_  
Acknowledged and

\_\_\_\_\_  
Duly authorised  
[Seller]

Dated: [Date]

