

[On letterhead of Buyer]

[Names and Addresses of Sellers] (the **Sellers**)

Dated: [Date]

[Name] Limited (the Company)

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2. Shares

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Seller	of Sale Shares
[Name]	Percentage]%
[Name]	Percentage]%
TOTAL	100.00%

3. Consid

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in one or more

3.1 The consideration for the acquisition of the Sale Shares shall be the sum of £[Amount] (the **Consideration**), payable by the Buyer:

- (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 as follows: [specify other relevant commercial period] period **Earnout Target**

3.3 If the Earnout Target is less than [specify percentage] % of the [specify amount] [consideration]

3.4 The calculation of the Additional Consideration shall be either based on the Additional Consideration or the [specify period] period and shall be payable in cash. The Additional Consideration shall be payable following the [specify period] period.

Option for adjustment: if there will be a profit or loss, there will be a payment of [specify amount] if [specify condition]

3.5 [The Consideration shall be adjusted to reflect the net assets of the Company as at the date of Completion and shall be payable in cash.]

3.6 The adjusted consideration shall be payable in cash and shall be payable in cash following Completion.

4. Conditions

4.1 The Proposed Transaction shall be subject to the following conditions, which are customary for a transaction of this nature:

- (a) [specify condition]
- (b) [specify condition]
- (c) [specify condition]

(d) [name of 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] [name of 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 Share Purchase Agreement shall be subject to the terms of Schedule 5 as well as customary terms and conditions for a transaction of this nature.

5.3 The Share Purchase Agreement shall be subject to the terms of Schedule 5 as well as the Buyer's standard terms and conditions for a transaction of this nature, including the following paragraphs: *[delete]*

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

5.4 The Sellers warrant that they have conducted a reasonable investigation or other due diligence into the matters set out in paragraphs (a) to (c) of this section.

- (a) *[delete]*
- (b) *[delete]*
- (c) *[delete]* due diligence.

5.5 The liability of the Sellers 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 Sellers 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] Sellers to the

5.6 Each Seller and the Buyer will [redacted] our of the

5.7 The liability under the Share Purchase Agreement will be [redacted] purchase

5.8 [The obligations of the Seller under the Share Purchase Agreement will be [redacted] ment will be

6. Transactions

6.1 The Parties agree that

6.2 [The provisions of the Share Purchase Agreement shall apply to all transactions entered into by the Seller and the Buyer in connection with the Share Purchase Agreement]

(a)

(b)

6.3 The Seller shall provide to the Buyer, upon request, all books and records of the Seller that are reasonably relevant to the Buyer's due diligence

6.4 All requests for books and records shall be made in writing [redacted] ails]. The Buyer shall not disclose any information obtained from the Seller to any third party or any of its employees, agents, advisors or representatives without the prior written consent of the Seller.

7. Exclusivity

7.1 This letter of intent is intended to be binding in all respects.

7.2 In consideration of the Buyer's offer to purchase the Shares, the Seller's agreement to the terms and conditions of this letter of intent and the Buyer's agreement to the terms and conditions of this letter of intent, each Seller hereby undertakes that it shall not, during the period commencing on the date of this letter and ending at 5.30 pm on [insert date on which exclusivity period will end. A period of not less than 4 weeks to up to 3 months is common] (the **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;
- (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 (other than in the ordinary course of business); or
- (iii) any investment in the Company by any person other than the Buyer; or

(b) [Redacted] person other than [Redacted]; or

(c) [Redacted] on relating to [Redacted] ter into any [Redacted] negotiations

7.3 The Seller shall bear the Seller's costs and expenses, costs and expenses but excluding indirect taxes and duties incurred by the Buyer and the Company.

7.4 [Without prejudice to paragraph 7.3], the Sellers shall bear the Seller's costs and expenses, costs and expenses up to a maximum amount of [Redacted].

7.5 Each Seller shall be liable for any breach of this letter of intent, specifically paragraph 7.3, of injunction, of this letter of intent.

7.6 No omission shall apply to this paragraph 7.

8. Confidentiality

8.1 This paragraph 8 shall be binding between the Parties. *Option 1 – use, 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 letter of intent with [Redacted]

Option 2 – use, between the Parties

8.2 This letter of intent shall be binding between the Parties into between [Redacted]

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 this letter in accordance with the terms.

Consent to its

Yours faithfully

Duly authorised
[Buyer]

Acknowledged and

Duly authorised
[Seller]

Duly authorised
[Seller]

Dated: [Date]

