

PART 8 OF THE ENTERPRISE ACT 2002 (EA02)

UNDERTAKINGS TO THE COMPETITION AND MARKETS AUTHORITY (CMA) UNDER SECTION 219 OF THE EA02 RELATING TO:

THE UNFAIR TERMS IN CONSUMER CONTRACTS REGULATIONS 1999; AND PART 2 OF THE CONSUMER RIGHTS ACT 2015.

Countryside Properties PLC, registered number 09878920, registered office Countryside House, The Drive, Brentwood, Essex, CM13 3AT and its subsidiaries within the meaning of section 1159 of the Companies Act 2006 (**Countryside**), voluntarily give the following undertakings to the CMA under section 219 of the EA02 without any admission that it has infringed the law.

Countryside was not the subject of allegations of mis-selling in the CMA's investigation. Countryside nonetheless voluntarily gives the CMA the undertakings in paragraphs 12 and 13 below in respect of its sales and marketing materials. It does so because it recognises the importance of the transparency of the information it provides to consumers in relation to terms in lease contracts.

The CMA accepts the undertakings from Countryside on the basis that:

- certain long residential leases where Countryside does not now own the freehold (or any interest superior to the residential lease) and the Ground Rent payable is for the ultimate benefit of either a local authority or a registered provider of social housing are excluded from their scope because Countryside did not benefit from the receipt of Ground Rent in these cases; and
- Countryside has stated to the CMA that no Ground Rent has been paid to it under a Doubling Clause (and no such Ground Rent will be collected by it).

For the avoidance of doubt, these undertakings do not amount to an admission, express or implied, that any person has infringed the law.

UNDERTAKINGS

In accordance with section 219(4) and section 219B of the EA02 Countryside undertakes:

- not to engage in any conduct which contravenes paragraphs 1 to 13 below;
- not to engage in such conduct in the course of its business or another business; and
- not to consent to or connive in the carrying out of such conduct by a body corporate with which it has a special relationship (within the meaning of section 222(3) of the EA02).

Interpretation

Countryside Held Lease means a long residential lease to which Countryside is the landlord at the date of signing these undertakings and which contains a Doubling Clause but excluding such residential long leases where the Ground Rent payable is for the ultimate benefit of either a local authority or a registered provider of social housing.

Countryside Leaseholder means a person who holds a leasehold interest in a property pursuant to a Countryside Held Lease.

Doubling Clause means a term or terms in a Countryside Held Lease, Third Party Held Lease, or JV Held Lease, as applicable, which cause(s) the Ground Rent payable under the Countryside Held Lease, Third Party Held Lease, or JV Held Lease, as applicable, to double (or more) more frequently than every 20 years, and includes any such clause which was in a Countryside Held Lease, Third Party Held Lease, or JV Held Lease, as applicable, and has been subsequently varied to refer to a different rate of escalation (eg RPI).

Freeholder means a party who owns the reversionary interest to a property in respect of which Countryside, or Countryside and a JV Partner, previously owned the reversion.

Ground Rent refers to the principal rent payable periodically by a Countryside Leaseholder, Third Party Leaseholder, or JV Leaseholder, as applicable, to his or her landlord under the terms of a Countryside Held Lease, Third Party Held Lease or a JV Held Lease, as applicable, however described, but for the avoidance of doubt does not include other sums which may be reserved as rent such as but not limited to service charges and insurance costs.

JV Held Lease means a long residential lease to which Countryside and a JV Partner were the landlord parties, whether via a joint venture entity or otherwise, but are no longer the landlord and which contains a Doubling Clause but excludes such residential long leases where the Ground Rent payable is for the ultimate benefit of either a local authority or a registered provider of social housing.

JV Leaseholder means a person who holds a leasehold interest in a property pursuant to a JV Held Lease.

JV Partner means an entity with which Countryside has undertaken a development pursuant to a joint venture agreement.

Marketing Materials means physical and electronic versions of the additional information schedule provided to consumers when marketing a leasehold property setting out the description of the individual property and the terms on which it is offered for sale.

Multiplier means a sum equal to \times times the Ground Rent payable under a Third Party Held Lease or a JV Held Lease (as the case may be) at the time the relevant Third Party Held Lease or JV Held Lease was first entered into.

Third Party Held Lease means a long residential lease to which Countryside was originally a party as landlord but is no longer the landlord and which contains a Doubling Clause, but excludes (i) JV Held Leases and (ii) long residential leases where the Ground Rent payable is for the ultimate benefit of either a local authority or a registered provider of social housing.

Third Party Leaseholder means a person who holds a leasehold interest in a property pursuant to a Third Party Held Lease.

Removal of Doubling Clauses

1. Countryside will make an offer to each Countryside Leaseholder to vary the Countryside Held Lease in order to remove the Doubling Clause, at no cost to the Countryside Leaseholder.
2. The offer under paragraph 1 will be communicated by:
 - a. sending a letter to the relevant property under the Countryside Held Lease; and
 - b. sending an email to the Countryside Leaseholder (where their email address is known to Countryside).

3. The offer under paragraph 1 will be communicated within 60 days of the date of this undertaking and then again annually for a two-year period or until accepted by the Countryside Leaseholder, whichever is earliest.
4. Countryside will:
 - a. place and maintain details on a suitable webpage of its website about a Countryside Leaseholder's ability to vary their Countryside Held Lease in order to remove the Doubling Clause within 30 days of the date of this undertaking;
 - b. include a link to the webpage in all written correspondence sent to Countryside Leaseholders by or on behalf of Countryside in relation to the relevant property under the Countryside Held Lease; and
 - c. do so for a two-year period or until all Doubling Clauses have been removed, whichever is earliest.
5. Once an offer under paragraph 1 has been accepted by a Countryside Leaseholder, Countryside will use all commercially reasonable endeavours to effect the variation of the Countryside Held Lease without undue delay.

Non-reliance on Doubling Clauses

6. Countryside will not rely, or seek to rely, on a Doubling Clause against a Countryside Leaseholder, including not demanding any Ground Rent for an amount above the initial Ground Rent.
7. Countryside will not take any action or steps for possession against a Countryside Leaseholder for non-payment of Ground Rent in reliance on Ground 8 of Schedule 2 to the Housing Act 1988 or take any action or steps leading to possession or any other sanction against a Countryside Leaseholder for non-payment of Ground Rent for an amount in excess of the initial Ground Rent.
8. Without prejudice to any other information which the CMA may request, Countryside will provide the CMA with an annual report for two years starting from one year from the date of this undertaking setting out:
 - a. the total number of offers made under paragraphs 1 to 5 above;
 - b. the total number of such offers which have been accepted; and
 - c. the total number of Doubling Clauses removed.

Engaging with current Freeholders

9. Countryside will make an offer to each Freeholder of a Third Party Held Lease and to each Freeholder of a JV Held Lease to enter into a framework agreement to pay that Freeholder an amount equal to the Multiplier for each Third Party Held Lease and for each JV Held Lease in relation to which the Freeholder gives to the CMA, and complies with, relevant undertakings. For the purposes of this paragraph, relevant undertakings are undertakings in the same or similar terms to those in paragraphs 1-8 above given by the Freeholder

within a period of 80 working days from the date of this undertaking. The terms of that framework agreement will include at least the following:

- a. the number of Third Party Held Leases and/or JV Held Leases to which the Freeholder holds the reversionary interest;
 - b. the fixed and sole amount (being the Multiplier) to be paid for each Third Party Held Lease and/or each JV Held Lease in respect of which the Freeholder gives to the CMA and complies with relevant undertakings;
 - c. the mechanism by which Countryside will pay the Freeholder the amount provided for under sub-paragraph b;
 - d. a requirement for the parties to agree the form of the deed of variation to be entered into with Third Party Leaseholders and JV Leaseholders (each party acting reasonably);
 - e. a commitment on the Freeholder to communicate to all Third Party Leaseholders and/or JV Leaseholders (as applicable) the offer to vary the Third Party Lease or the JV Held Lease within 30 working days of the date of the framework agreement being entered into and then again annually for a two-year period or until accepted by the Third Party Leaseholders or JV Leaseholders (as applicable), whichever is earlier;
 - f. that the entry into of the framework agreement will be in full and final settlement of any claim that the Freeholder has or may have against Countryside in respect of any loss, liability or damage of any nature resulting from the inclusion of a Doubling Clause in any Third Party Held Lease or JV Held Lease sold to the Freeholder or the Freeholder's predecessor by Countryside, the sale to the Freeholder of any such Third Party Held Lease or JV Held Lease that includes a Doubling Clause, the Freeholder's reliance on or use of any Doubling Clause in any such Third Party Held Lease or JV Held Lease and/or any finding by any court or regulator or acceptance by the Freeholder that any Doubling Clause is unenforceable and/or unfair; and
 - g. an acknowledgement that Countryside shall not be required to pay any additional sums beyond the Multiplier, such as the reimbursement of any costs incurred by a Freeholder or a leaseholder.
10. The offer under paragraph 9 will be communicated to each Freeholder within 20 working days of the date of this undertaking and each Freeholder will have 60 working days from receipt of such offer to: (i) confirm acceptance of the offer; and (ii) enter into relevant undertakings with the CMA (as defined in paragraph 9 above). Where the Freeholder accepts the offer and enters into the relevant undertakings with the CMA, Countryside will use all commercially reasonable endeavours to effect the execution of the framework agreement without delay. For the avoidance of doubt, where the Freeholder fails to accept the offer from Countryside or enter into the relevant undertakings with the CMA within a period of 80 working days from the date of this undertaking, the offer under paragraph 9 will lapse.
11. For the avoidance of doubt, Countryside will not make the offer under paragraph 9 in relation to any Third Party Held Lease or JV Held Lease pursuant to which the Freeholder

has already given undertakings to the CMA, which are excluded from the scope of this undertaking.

Sales and Marketing

12. Countryside will ensure that, within 30 days of the date of this undertaking, the Marketing Materials provided to consumers before the agreement of a sale of a property to them by Countryside, clearly and prominently state:

- a. the tenure of the property;
- b. where the tenure is leasehold, the length of the lease term;
- c. the Ground Rent payable and the amount and timing of any scheduled increases, including a schedule of Ground Rent payable for the first 30 years of the term of the lease;
- d. the anticipated initial annual service charge payable (including any circumstances known to Countryside that will lead to an increase in service charges and the basis on which the service charges are calculated);
- e. an estimate of other fees payable under the lease and the basis on which these are calculated; and
- f. the anticipated Council Tax band but not necessarily the amount of Council Tax, subject to confirmation by the relevant council, where applicable,

and that all marketing and sales material provided to consumers complies with consumer law.

13. In addition, Countryside will ensure that consumers are provided with the information referred to in paragraph 12 above before agreeing the purchase of a property (irrespective of whether they have been provided with the Marketing Materials). For the avoidance of doubt, this requirement will not be satisfied if the information is only provided at the point at which the consumer enters into a reservation agreement and pays the property reservation fee.

BY SIGNING THESE UNDERTAKINGS COUNTRYSIDE IS AGREEING TO BE BOUND BY THEM. CONDUCT WHICH CONTRAVENES PARAGRAPHS 1 TO 13 ABOVE MAY CONSTITUTE A COMMUNITY/SCHEDULE 13 INFRINGEMENT PURSUANT TO SECTION 212 OF THE EA02. IF HAVING SIGNED THIS DOCUMENT COUNTRYSIDE BREACHES ANY OF THE ABOVE UNDERTAKINGS, IT IS AWARE THAT IT MAY BE THE SUBJECT OF AN APPLICATION TO THE COURT FOR AN ENFORCEMENT ORDER UNDER SECTION 215 OF THE EA02.