

ANNEX C

DATED

2012

- (1) CAMBRIDGESHIRE COUNTY COUNCIL
- (2) CAMBRIDGE CITY COUNCIL
- (3) EAST CAMBRIDGESHIRE DISTRICT COUNCIL
- (4) FENLAND DISTRICT COUNCIL
- (5) HUNTINGDONSHIRE DISTRICT COUNCIL
- (6) SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL
- (7) CAMBRIDGESHIRE HORIZONS LIMITED

**MEMORANDUM OF
UNDERSTANDING
RELATING TO CAMBRIDGESHIRE
HORIZONS LIMITED**

THIS AGREEMENT is made by Deed on
BETWEEN:

2012

- (1) CAMBRIDGESHIRE HORIZONS LIMITED (registered number 05201320) whose registered office is situate at Shire Hall, Cambridge CB3 0AP (“the Company”);
- (2) CAMBRIDGESHIRE COUNTY COUNCIL of Shire Hall Cambridge, CB3 0AP (“the County Council”);
- (3) CAMBRIDGE CITY COUNCIL of The Guildhall, Cambridge, CB2 3QJ (“the City Council”);
- (4) EAST CAMBRIDGESHIRE DISTRICT COUNCIL of The Grange, Nutholt Lane, Ely, Cambridgeshire, CB7 4PL (“ECDC”);
- (5) FENLAND DISTRICT COUNCIL of Fenland Hall County Road, March, Cambridgeshire, PE15 8NQ (“FDC”);
- (6) HUNTINGDONSHIRE DISTRICT COUNCIL of Pathfinder House St Mary's Street, Huntingdon, Cambridgeshire, PE29 3TN (“HDC”); and
- (7) SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL of South Cambridgeshire Hall, Cambourne Business Park, Cambourne CB23 6EA (“SCDC”).

BACKGROUND

(A) The County Council, the City Council, ECDC, FDC, HDC and SCDC are all members of the Company.

(B) During the course of the Company’s trading activities the County Council has made certain advances to the Company totalling a principal sum of £1,150,000 as described in clause 1.1 (the “Advances”).

(C) In addition, both the County Council and the Company have made certain funds available by way of loan towards the cost of the Addenbrookes access road (the “AAR”), being part of the Southern Fringe development, which are due to be repaid out of contributions received pursuant to certain s106 agreements relating to such development (the “AAR Repayments”).

(D) The parties have agreed on the basis upon which the Advances are to be treated, and repaid, and the priority of the AAR Repayments as set out in the terms of this Agreement.

OPERATIVE PROVISIONS

1. STATUS OF ADVANCES

1.1 The parties acknowledge and agree that the County Council provided certain funding to the Company during the course of 2010 and 2011 to cover agreed shortfalls in the Company’s then current capital expenditure programme comprising solely Housing Growth Fund awarded by government. The total principal sum made available to the Company, and utilised, by way of the County Council meeting agreed payments on behalf of the Company, totalled £1,150,000.

1.2 The parties further acknowledge and agree that the treatment of the Advances shall be as follows:

1.2.1 The Advances amount to the principal sum of £1,150,000 plus interest charges equivalent to those costs actually incurred by the County Council from time to time on those borrowings undertaken by

the County Council to enable it to make the Advances. Such interest charges shall continue to accrue until the Advances are repaid in full.

1.2.2 The Advances shall remain outstanding (and shall not constitute a debt or require repayment by the Company) until such time as the Company receives funds from the repayment of the Company's existing £20.5M investments (the "Investments"), at which time it is agreed by the parties that the Advances shall, but only to the extent any such Investment monies have been received, be repaid by the Company (unless agreed otherwise by the County Council) and such repayment shall take priority over all other uses of any Investment monies received by the Company.

1.2.3 Failure by the Company to repay the all or any part of the Advances from any Investments monies received (pursuant to clause 1.2.2), within 30 days of such funds becoming available to the Company, shall constitute a default by the Company of the terms of this Agreement, at which point the amount of such non-payment shall thereafter constitute a debt owed by the Company to the County Council, and the County Council shall be entitled to make demand for repayment of such amount by the Company.

2. AAR REPAYMENTS

2.1 The parties agree and acknowledge that the Company and the County Council made the following loan contributions to the AAR:

2.1.1 County Council - £4,800,000 (the "County Council AAR Debt")

2.1.2 The Company - £8,000,000 (the "Company AAR Debt")

2.2 It is agreed between the County Council and the Company that upon receipt by either party of any AAR Repayments (and notwithstanding the terms of third party contracts relating to the same), then as between the County Council and the Company, any such repayments shall first be applied in reduction of the County AAR Debt, with the intent that the County Council AAR Debt shall be repaid in full before any AAR Repayments are applied in reduction of the Company AAR Debt. The Company and the County Council shall take such steps between them as are necessary to give effect to the terms of this clause.

3. MEMBERS UNDERTAKINGS

3.1 The parties (other than the Company) further agree:

3.1.1 to each use such voting powers they possess as members of the Company to procure (so far as they are each able to do so from time to time) that the Company (a) adheres to the terms of this Agreement, and (b) does not otherwise dispose of its rights or entitlement to the Investments or any AAR Repayments (other than as contemplated by this Agreement); and

3.1.2 in the event of any winding up or reorganisation of the Company, prior to repayment in full of the Advances, that to the extent they are able to direct or influence the utilisation of any funds from the Investments, or any AAR Repayments, they will take such reasonable actions as may be available to them (provided such actions are at no cost to such members) so as to give effect to the terms of this Agreement.

4. TERM

4.1 This Agreement will continue in full force and effect until the earlier of:

4.1.1 the date the Advances, and the Company AAR Debt, are repaid in full;

4.1.2 the parties agreeing unanimously in writing to terminate this Agreement;

4.1.3 in respect of an individual party, that party ceasing to be a member of the Company, in which case this Agreement shall cease to apply to such party, but shall continue to bind those parties who remain members of the Company.

5. NOTICES

Any notice, demand or communication in connection with this Agreement shall be given in the manner provided in the then current members agreement in place in relation to the Company.

6. VARIATION

Save as expressly provided in this Agreement, any variation to this Agreement must be in writing and signed by the respective duly authorised representatives of all of the parties.

7. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in all respects in accordance with English Law and the parties submit to the exclusive jurisdiction of the Courts of England.

8. COUNTERPARTS

This Agreement may be executed and delivered in any number of counterparts, each of which so executed will be an original, but together will constitute one and the same instrument.

THIS AGREEMENT is executed as a deed and delivered and takes effect on the date stated at the beginning of it.

