

Term sheet for a term loan facility

In relation to a £1,984,868 term loan facility to be provided to Urban&Civic Alconbury Limited by Huntingdonshire District Council.

Date: June 2017

This term sheet is indicative only and is intended as a guide to what will be included in final documentation. It is not an offer to provide the facility. Provision of the facility is subject to satisfactory due diligence, committee approval and satisfactory final documentation.

1. PARTIES

Borrower	Urban&Civic Alconbury Limited (registered number: 08983360)
Lender	Huntingdonshire District Council
[Guarantor]	[TO BE DISCUSSED]
Property	[Urban&Civic to confirm registered property details]

2. FACILITY

Facility	Term loan facility
Currency	Sterling
Principal Amount	£1,984,868
Purpose	To fund the construction of a business incubator unit comprising 15,263 sq ft NIA of Class B1 – Business Use.
Commitment Period	From the date of the facility agreement until the date falling one month before the Final Repayment Date.
Drawing of the Loan	Subject to: <ul style="list-style-type: none">■ the satisfaction of the condition precedent;■ there being no Event of Default which has occurred or would, following the proposed drawing of the loan (or part of it), occur;■ all representations and warranties be true and accurate as at the time of the proposed drawing; and■ receipt by the Lender of a certificate from the project monitor/quantity surveyor approving the purpose and amount of the proposed Loan and confirming that the amount to be drawn down by the Borrower for this

	<p>purpose does not exceed the amounts stipulated in the schedule of costs and/or the building contract, the Borrower may request that the Loan or part of it is advanced to the Borrower, provided that:</p> <ul style="list-style-type: none"> ■ the Borrower shall provide the Lender not less than [10] business days notice of its intention to draw all or part of the loan; ■ drawings must be in a minimum amount of £250,000 or, if less, the balance of the Principal Amount that has not yet been drawn; and ■ the Borrower may not make more than 1 drawing in any one calendar month.
Final Repayment Date	<p>The earlier of:</p> <ul style="list-style-type: none"> ■ 10 years from the date of drawdown; and ■ The date of disposal of the Property by the Borrower.
Repayment	<p>Subject to any earlier mandatory or voluntary prepayments (see below) the Borrower must repay the loan in full in instalments as set out below:</p> <ul style="list-style-type: none"> ■ Interest only repayments, made quarterly in arrears from the first rental receipt (anticipated November 2018); ■ Quarterly repayments to be capped at 50% of rental receipts for the same period, with any shortfall carried forward into the next quarterly payment and provided that any interest not paid when due shall be compounded and added to the Principal Amount and shall thereafter accrue interest at the Interest Rate; ■ The Principal Amount plus any outstanding interest and other charges that have accrued shall be repaid in full on the Final Repayment Date.

3. PRICING

Interest Rate	2.5% above the EC reference rate.
Default Interest	5% above the EC reference rate.
Interest Periods	Each one month period, with interest to be calculated monthly in arrears on the outstanding amount.

4. PREPAYMENT AND CANCELLATION

Voluntary prepayment	The Borrower may prepay the Loan without penalty in whole or in part by giving at least [10] business days' written notice to the Lender. Prepayments must be in a minimum amount of £250,000 or, if lower, the outstanding amounts under the loan. [Prepayments must be made on an Interest Payment Date.
Voluntary cancellation	The Borrower may cancel the undrawn commitments without penalty in whole or in part by giving at least [10] business days' written notice to the Lender. Cancellations must be in a minimum amount of £250,000 or, if lower, the total undrawn amounts under the facility.
Mandatory prepayment	If it is or becomes illegal for the Lender to lend to the Borrower, any outstanding commitments will be cancelled and any outstanding loans must be repaid.

5. UNDERTAKINGS, REPRESENTATIONS AND WARRANTIES

Representations and warranties	Standard representations and warranties for a facility of this nature, to be made by the Borrower on the date of the facility agreement, the date of each drawdown request and on each Interest Payment Date.
Undertakings	Standard undertakings for a facility of this nature, to be provided by the Borrower to the Lender throughout the life of the facility.
Information Undertakings	<ul style="list-style-type: none"> ■ as soon as they become available but in any event within 180 (one hundred and eighty) days of its financial year end, financial statements for that financial year; ■ notification of any event of default or potential event of default along with the steps being taken to remedy it ■ notification of any default under any other agreement or instrument which is binding on it which would have a material adverse effect; ■ notification of any other event or circumstance outstanding under any other agreement or instrument which is binding on it which, with the giving of notice, lapse of time or other applicable condition would have a material adverse effect; ■ notification on becoming aware of any actual pending or threatened litigation, arbitration or other court or arbitral

	<p>proceedings against it; and</p> <ul style="list-style-type: none"> ■ any information relating to its financial condition, business, assets or affairs as the Lender may require (acting reasonably).
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6. **FINANCIAL COVENANTS**

Financial covenants	[TO BE DISCUSSED – TO INCLUDE A LOAN TO VALUE COVENANT]
Testing	Financial covenants to be tested against the latest valuation. Lender may require a valuation at the cost of the Borrower not more than once every 6 months and at any other time at its own cost.

7. **SECURITY**

[Guarantee]	[TO BE DISCUSSED]
Security	The Borrower will execute a first ranking legal charge over the Property. [Intercreditor Arrangements with HCA to be discussed.]

8. **EVENTS OF DEFAULT**

Each of the following shall be an Event of Default.

Events of Default	<ul style="list-style-type: none"> ■ non-payment unless the failure to pay is caused by an administrative or technical error and payment is subsequently made within 5 business days of the due date ■ breach of financial covenants, provided that the Borrower shall have a right to cure such breach within [30] days by making a repayment of the loan to the Lender ■ breach of other obligations, subject to a 30 day remedy period where such breach is capable of remedy ■ misrepresentation ■ cross-default ■ change of control ■ unlawfulness, invalidity ■ change or suspension of business ■ material adverse effect
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	<ul style="list-style-type: none"> ■ enforcement of security ■ composition, winding up, attachment or distress, insolvency and analogous process or proceedings ■ other standard events of default for a facility of this nature
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9. **TRANSFERS**

Lender transfers	The Lender may not assign or transfer its rights and obligations or any part of them with the prior consent of the Borrower, such consent not to be unreasonably withheld.
Borrower transfers	The Borrower may not assign or transfer its rights and obligations or any part of them.

10. **AMENDMENTS**

Amendments	Amendments, waivers or variations may be made in writing only and must be executed by the Lender and the Borrower.
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11. **CONDITIONS PRECEDENT**

The following documents (amongst others) will be required to be delivered before the first drawdown can be made, in each case in form and substance satisfactory to the Lender.

Authorisations	<ul style="list-style-type: none"> ■ constitutional documents ■ board resolutions of the Borrower ■ specimen signatures ■ directors' certificate ■ shareholders' resolution ■ audited consolidated financial statements of the Borrower ■ evidence of payment of fees, costs and expenses due from the Borrower ■ evidence that 'know your client' requirements have been satisfied ■ independent valuation addressed to the Lender ■ appointment of project monitor/quantity surveyor to oversee the development works ■ building contract and associated construction documents ■ other standard conditions precedent for a facility of this nature ■ any other document or evidence which the Lender
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	considers necessary in relation to the full documents or the transactions contemplated by them
Finance documents	<ul style="list-style-type: none"> ■ executed facility agreement ■ executed security documents ■ copy of notices required under the security documents ■ any other finance documents which the Lender considers necessary in relation to the full documents or the transactions contemplated by them

12. **BOILERPLATE**

Miscellaneous provisions	The full form documentation will contain standard provisions including in relation to break costs, tax gross up and indemnities, set-off, notices, change of law, illegality, payments and disclosure
Costs, expenses and indemnity	<p>The Borrower will pay the Lender within 5 days of demand all costs and expenses (including legal fees) including VAT incurred by the Lender in relation to the negotiation, preparation, execution or perfection of the full documentation or in relation to any consent requests (provided that such costs have been agreed in advance with the Borrower).</p> <p>An indemnity will also be included in relation to all costs, losses and liabilities (including legal fees) in relation to any event of default, the preservation or enforcement of any of the Lender's rights under the full documentation and certain other specific circumstances.</p>
Governing law and jurisdiction	England and Wales