**TERM SHEET FOR A TERM LOAN FACILITY**

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| **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] |
| **FACILITY** |
| **Facility** | Term loan facility |
| **Currency** | Sterling |
| **Principal Amount** | £1,984,868 |
| **Purpose** | To fund the construction of a business incubator unit comprising15,263 sq ft NIA of Class B1 – Business Use. |
| **Commitment Period** | From the date of the facility agreement until the date falling onemonth before the Final Repayment Date. |
| **Drawing of the Loan** | Subject to: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 theamount to be drawn down by the Borrower for this |
|  |  purpose does not exceed the amounts stipulated in theschedule of costs and/or the building contract, the Borrower may request that the Loan or part of it is advancedto the Borrower, provided that: 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** | The earlier of: 10 years from the date of drawdown; andThe date of disposal of the Property by the Borrower. |
| **Repayment** | Subject to any earlier mandatory or voluntary prepayments (seebelow) the Borrower must repay the loan in full in instalments asset out below: Interest only repayments, made quarterly in arrears from the first rental receipt (anticipated November 2018);Quarterly repayments to be capped at 50% of rentalreceipts for the same period, with any shortfall carriedforward into the next quarterly payment and provided thatany interest not paid when due shall be compounded andadded 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. |
| **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 inarrears on the outstanding amount. |

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| **Voluntary prepayment** | The Borrower may prepay the Loan without penalty in whole or inpart by giving at least [10] business days’ written notice to theLender. Prepayments must be in a minimum amount of £250,000or, 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 withoutpenalty in whole or in part by giving at least [10] business days’written notice to the Lender. Cancellations must be in a minimumamount of £250,000 or, if lower, the total undrawn amountsunder 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 anyoutstanding loans must be repaid. |

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| **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 eachInterest Payment Date. |
|  **Undertakings** |  Standard undertakings for a facility of this nature, to be providedby the Borrower to the Lender throughout the life of the facility. |
| **Information** **Undertakings** | as soon as they become available but in any event within180 (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 itnotification of any default under any other agreement orinstrument 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 havea material adverse effect; notification on becoming aware of any actual pending or threatened litigation, arbitration or other court or arbitral proceedings against it; anany information relating to its financial condition, business, assetor affairs as the Lender may require (acting reasonably). |
| **FINANCIAL COVENANTS** |
| **Financial covenants****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. |
| **SECURITY** |
| **Guarantee**]**Security** | [TO BE DISCUSSED]The Borrower will execute a first ranking legal charge over theProperty.[Intercreditor Arrangements with HCA to be discussed.] |

**EVENTS OF DEFAULT**

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| **Events of Default** | non-payment unless the failure to pay is caused by anadministrative 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 enforcement of seniority |
| **TRANSFERS** |
| **Lender transfers** | The Lender may not assign or transfer its rights and obligationsor any part of them with the prior consent of the Borrower, suchconsent not to be unreasonably withheld. |
| **Borrower transfers** | The Borrower may not assign or transfer its rights andobligations or any part of them. |
| **AMENDMENTS** |
| **Amendments** | Amendments, waivers or variations may be made in writing onlyand must be executed by the Lender and the Borrower. |
| **CONDITIONS PRECEDENT** |
| **Authorisations** | constitutional documents board resolutions of the Borrowerspecimen signatures directors’ certificate shareholders’ resolution audited consolidated financial statements of the Borrowerevidence of payment of fees, costs and expenses duefrom the Borrower evidence that ‘know your client’ requirements have been satisfied independent valuation addressed to the Lender appointment of project monitor/quantity surveryor 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 Lenderconsider necessary in relation, |
| **Finance documents** | executed facility agreementexecuted security documentscopy of notices required under the security documentsany other finance documents which the Lender considersnecessary in relation to the full documents or thetransactions contemplated by them |
| **BOILERPLATE** |
| **Miscellaneous****provisions** | The full form documentation will contain standard provisionsincluding in relation to break costs, tax gross up and indemnities,set-off, notices, change of law, illegality, payments anddisclosure |
| **Costs, expenses and****indemnity** | The Borrower will pay the Lender within 5 days of demand allcosts and expenses (including legal fees) including VAT incurredby the Lender in relation to the negotiation, preparation,execution or perfection of the full documentation or in relation toany consent requests (provided that such costs have beenagreed in advance with the Borrower).An indemnity will also be included in relation to all costs, lossesand liabilities (including legal fees) in relation to any event ofdefault, the preservation or enforcement of any of the Lender’srights under the full documentation and certain other specificcircumstances. |
| **Governing law****And jurisdiction** | England and Wales |