**UK Guarantees Pro Form Term Sheet (Project Finance Transaction)**

The UK Guarantee Scheme covers a range of different underlying borrowing structures from project financings to corporate lending in support of infrastructure. This pro forma term sheet can be adapted to fit the specific type of funding involved.

**Important Notice:** The contents of this pro forma term sheet are indicative only and do not represent a binding financial offer or a commitment whatsoever on behalf of HM Treasury to provide any financial support. The terms and conditions set out are non-binding and non-exhaustive. Nothing in this term sheet shall be construed as a representation or a warranty (whether express or implied) on the part of HM Treasury.

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|  | Transaction Description |  |
|  | Borrower |  |
|  | [Shareholders and Equity Commitment] | [Where a special purpose vehicle is involved.] |
|  | Guarantor | Under the UK Guarantee Scheme HM Treasury as Guarantor will provide an unconditional and irrevocable financial guarantee of scheduled principal and interest obligations of the Borrower under a debt instrument provided by the Lenders. |
|  | Beneficiary | Guaranteed Lenders.  The UK Guarantee Scheme has a flexible format and may relate to a wide range of debt instruments. |
|  | Guaranteed Lenders | Those financial institutions participating in the Guaranteed Facility |
|  | Guarantee | The Guarantee will be provided in favour of the Beneficiary |
|  | Guaranteed Facility | 1. Amount: £[.]m 2. Permitted Purpose: [.] 3. Utilisation Period: to be agreed 4. Final Maturity: [.] years after financial close. 5. Repayment: [.] |
|  | Guarantee Amount | 1. Up to £[.]m, being the principal advanced under the Guaranteed Facility |
|  | Form of Guarantee | Treasury will irrevocably and unconditionally guarantee the timely payment of principal and interest of the Treasury-Guaranteed Debt.  The Guarantee will be on Treasury’s published pro forma terms with only such changes as are necessary for the project.  The guarantee will guarantee the payment by the Borrower of scheduled interest and scheduled principal, in each case which are due for payment in accordance with the relevant payment schedule.  Accordingly, following any claim under the guarantee, Treasury will make payments in accordance with the original debt service schedule and not on the basis of any prepayment (whether mandatory or voluntary), acceleration of maturity or otherwise. |
|  | Availability | From satisfaction of conditions precedent until [date to be agreed] |
|  | Maturity | Repayments to commence on [date to be agreed] with final maturity by [date to be agreed] |
|  | Reduction | The Guarantor’s commitment under the Guarantee will reduce in line with an agreed repayment schedule [unless a bullet repayment is agreed] |
|  | Guarantee Expiry Date | The date on which all the payment obligations of the Borrower under the Guaranteed Facility are irrevocably and unconditionally satisfied in full |
|  | Guarantee Arrangement Fee | [.] |
|  | Guarantee Fee | 1. The guarantee fee rate depends on the risk of the Guaranteed Facility and shall be documented in the Guarantee Fee Letter. 2. The risk level will be determined by an HM Treasury internal Risk Committee for the UK Guarantees Scheme.   This fee will be payable semi-annually in advance, and calculated on the amount of principal guaranteed at the calculation date. |
|  | Guarantee Commitment Fee | [.] |
|  | Cancellation | To be agreed – based on the terms of the Guaranteed Facility |
|  | Prepayment of Guaranteed Facility | To be agreed – based on the terms of the Guaranteed Facility |
|  | Costs in the event of prepayment | In the event of an early prepayment, a minimum fee of £[.] shall be paid to the Guarantor. |
|  | Guarantee and Reimbursement Agreement | The Borrower will enter into a Guarantee and Reimbursement Agreement with the Guarantor under which the Borrower will be obliged to reimburse HM Treasury in respect of all payments made to the Guaranteed Lenders under the UK Guarantee |
|  | Security | To be agreed – based on the terms of the Guaranteed Facility. Guaranteed debt and related claims including sums paid pursuant to the Guarantee and subject to counterindemnification are to rank at least pari passu with other senior lenders over all security assets and ahead of all other sources of finance before and after enforcement. |
|  | Hedging | [If required] The Borrower shall have a hedging strategy in place that is satisfactory to the Guarantor |
|  | Conditions Precedent | Standard for the type of transaction |
|  | Representations | Standard for the type of transaction |
|  | Covenants | To be agreed – based on the terms of the Guaranteed Facility |
|  | Undertakings | Standard for the type of transaction |
|  | Events of Default | Standard for the type of transaction |
|  | Governing Law | England and Wales |
|  | Authority | Provision of Guarantees will be made with reliance on section 1 of the Infrastructure (Financial Assistance) Act 2012. |
|  | HM Treasury Event of Default | Non-payment by HM Treasury of valid claims under the Guarantee or repudiation by HM Treasury of the Guarantee. |
|  | Expenses | Reimbursement of fees and expenses of HM Treasury’s external advisors regardless of whether financial close is achieved. |
|  | Counterindemnity | All amounts paid and liabilities incurred by HM Treasury under or in connection with the Guarantee will be counterindemnified by the company based on the standard form documents available on the IUK website |