Loan agreement

Review checklist

Use this template to review a loan or facility agreement entered into by the company or a group company to finance its operations that is material (in other words, the contract meets the materiality threshold). This template records more detailed information about the contract so it can be incorporated in other parts of the report.

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| **Item** | **Question** | **Guidance notes** | **Answer** |
| **General provisions** | | | |
|  | **Short form name** | *Use a concise, descriptive "short form name" for this document. The short form name should clearly identify the document type (e.g., Service Agreement, Purchase Agreement, License Agreement, etc.)* |  |
|  | **Data room number** | *What is the data room number of this document? If there is no data room number, then insert "Not applicable".* |  |
|  | **Parties** | *For each party (an “entity”), identify:*   * *full legal name* * *entity type (organisation or person)* * *registered address* * *company/organisation number (if applicable)* * *whether the entity is acting alone or as a trustee* * *if the entity is acting as a trustee, identify the trust name and number (if applicable)* |  |
|  | **Is there a guarantor?** |  |  |
|  | **Document date** | *Identify the agreement date or date the agreement was entered into. If no date is provided in the agreement, insert 'Undated'. Look for dates in various locations within the document, including the header, footer, and signature blocks. Enter dates in a consistent format (e.g. DD/MM/YYYY or MM/DD/YYYY).* |  |
|  | **Amendment(s)** | *Has this document been amended?*  *If the agreement has been amended, modified, or changed, provide details of the amendment.*  *For each amendment:*   1. *Quote the specific language that introduces the amendment (e.g., "The parties hereby agree to amend the Agreement as follows:")* 2. *Describe the nature and purpose of the amendment* 3. *Specify which sections, clauses, or provisions of the original agreement are modified, added, or deleted* 4. *Provide the exact text of the amended language, as well as the text of the original language being modified (if available)* 5. *Note the effective date of the amendment* 6. *Mention any conditions or contingencies related to the amendment (e.g., requiring board approval)* |  |
| **Commercial details** | | | |
|  | **For each related party, answer the following:** | *Who are the parties that are related?* |  |
| *What is their relationship? E.g.:*   1. *An entity that controls a company is a related party of the company* 2. *The parties are both controlled by the same holding company* 3. *Director of Company is related to the Company* 4. *Spouse and children of the Company Director are related to Company* 5. *Directors of an entity that controls the company are related parties of a company.* 6. *Spouse and children of a Director of an entity that controls the company are related to Company.* |  |
| *Is the agreement on commercial, arm’s length terms?* |  |
|  | **What is the loan or facility amount?** |  |  |
|  | **What is the interest rate that applies to the loan (%)?** |  |  |
|  | **What is the default interest rate (%)?** |  |  |
|  | **Debt type** | *This could include one of the following options:*   * 1. *Term Loan*   2. *Line of Credit*   3. *Mortgage*   4. *Equipment Loan*   5. *Invoice Financing or Factoring*   6. *Trade Credit*   7. *Overdraft*   8. *Asset-based Loan*   9. *Mezzanine Financing*   10. *Bridge Loan* |  |
|  | **Does the Company (as the Borrower) have the right to prepay the loan?**  **If so, is there a penalty for prepaying the loan?** |  |  |
|  | **Are there any restrictive covenants in the loan agreement that may restrict certain things? If so, select the options that best describe the restrictive covenants in the loan agreement.** | *Examples of restrictive covenants:*   1. *Additional indebtedness* 2. *Liens and encumbrances* 3. *Asset sales* 4. *Mergers and acquisitions* 5. *Management changes* 6. *Financial ratio requirements* 7. *Capital expenditure limits* 8. *Dividend restrictions* |  |
| **Transfer restrictions** | | | |
|  | **Change of control** | 1. *Identify the specific Company or Group Company (by name) to which the restriction or prohibition applies*   *If a different change of control provision applies to each party, then record this by adding another change of control "collection".* |  |
| 1. *Definition of change of control* |  |
| 1. *Select the option that best describes the change of control restriction or prohibition. E.g.:*    * 1. *Counterparty is notified*      2. *Certain standard conditions must be met*      3. *Consent of the counterparty is obtained and the counterparty must consent if certain standard conditions are met*      4. *Consent of the counterparty is obtained and the counterparty can withhold consent in certain limited circumstances*      5. *Consent of the counterparty is obtained*      6. *Consent of the counterparty is obtained in the counterparty's discretion*      7. *Consent of the counterparty is obtained which cannot be unreasonably withheld or delayed*      8. *Consent of the counterparty is obtained which cannot be unreasonably withheld if certain conditions are met*      9. *Amendments to the agreement are required*      10. *Comply with requirements set by law / statute*      11. *Right to terminate the agreement*      12. *Triggers a payment obligation*      13. *Strictly prohibited (cannot occur)* |  |
| 1. *Exceptions to the change of control restriction* |  |
| 1. *Rights of the counterparty in the Event of Change of Control* |  |
| 1. *Based on the change of control restriction or prohibition in the contract, analyze whether the restriction would likely be triggered by the proposed transaction (if known).* |  |
| **Security** | | | |
|  | **Security** | 1. *Identify Company or Group Company required to provide the security* |  |
| 1. *What type of security is required? E.g.:*    * + *Bank guarantee*      + *Performance bond*      + *Corporate guarantee*      + *Security deposit*      + *Letter of credit*      + *Cross charge*      + *Performance guarantee*      + *Collateral*      + *Indemnification* |  |
| 1. *What is the purpose of the security?* |  |
| 1. *Will the security need to be released prior to completion?* |  |
| **Miscellaneous** | | | |
|  | **Related documents** | *Describe any documents related to this document that have been disclosed (including amendments)* |  |
|  | **Missing related documents** | *Describe any documents related to this document that haven’t been disclosed* |  |
|  | **Missing and/or ineligible pages** | *Specify any missing and/or ineligible pages of the document* |  |
|  | **Document execution** | *Identify a party(s) that haven’t executed the document fully and correctly* |  |
|  | **Governing law** | *What is the governing law of the document?* |  |
|  | **Other onerous or unusual provisions** | *Identify any provisions in this document that could be considered unusually onerous, burdensome or unfavorable to one party, or that deviate significantly from standard practices.*  *For each such provision:*   1. *State what party(s) the provision applies to;* 2. *Briefly summarise the key aspects that make it onerous or unusual;* 3. *Quote the relevant excerpt from the document.* |  |