

Appendix 2

Capital Financing Costs

Capital Interest Cost Calculation

Capital Interest for each property acquired by LBB on behalf of I4B will be:

chargeable for every day of the 'charging period', defined as commencing on, and including the date that LBB acquires the property and ceasing on, but excluding the date that LBB disposes of the property to I4B;

- chargeable on the full amount of all expenditure incurred during the charging period, for the entire charging period (assumed to be 90 days);
- compounded daily and charged by LBB at rate equivalent to the annual rate chargeable on the loan facility that LBB will make available to I4B (specified in the 'loan agreement');
- calculated as;

- $A \times (1 + B)^C - A$

Where;

A is the full amount of expenditure incurred during the 'charging period'

B is the daily compounding interest rate which equates to the annual rate of the loan facility specified in the 'loan agreement'

C is the number of days in the charging period