PART 2 – CONFIDENTIAL FACTS AND ADVICE

MD2745	
Title:	**Restructure of Marshgate Lane & Woodlands House loans**

This information is not suitable for publication until the stated date because:

It contains commercially sensitive information relating to the assessment of the proposed structure and terms of the funding to Anthology Stratford Mill Ltd and Anthology Kennington Ltd (referred to as "Anthology" in this document), the disclosure of which might prejudice the commercial interests of GLA Land and Property Limited (GLAP) and other organisations. It also contains legally privileged advice relating to that information. In these circumstances, it is considered that the public interest lies in maintaining the exemption and withholding the information.

Date at which Part 2 will cease to be sensitive or when this information should be reviewed with a view to publication: 31 July 2024

Legal adviser recommendation on the grounds for not publishing information at this time:

Under section 43 of the Freedom of Information Act information is exempt if its disclosure would, or would be likely to, prejudice the commercial interests of any person (including the GLA or GLAP).

This is a qualified exemption, meaning that information captured under section 43 can only be withheld if the public interest in withholding it outweighs the public interest in releasing it. The information below contains information relating to confidential assessments of Anthology's creditworthiness, GLAP's security and the proposed revised loan terms with Anthology. This is all commercially sensitive information, the disclosure of which would, or would be likely to, prejudice the commercial interests of GLAP, and other organisations specified below. While there is a public interest in understanding the circumstances in which public money is provided to other bodies, it is considered that in these circumstances the public interest lies in maintaining the exemption and withholding the information.

If this information is considered for release pursuant to the provisions of the Environmental Information Regulations 2004, this information should be considered exempt information under regulation 12(5)(e) – where disclosure would adversely affect the confidentiality of commercial or industrial information where such confidentiality is provided by law to protect a legitimate economic interest.

Legal Adviser - I make the above recommendations that this information is not suitable for publication at this time.

Name: TfL Legal **Date:** 28 January 2021

Decision and/or advice:

Introduction and Background

1. Breaches

1.1 Anthology is in default of the current contractual milestones for both the Marshgate and Woodlands schemes, under the "Milestone Failure" clause in the respective loan agreements. Specifically, Anthology has not achieved the start on site (March 2020) milestone for Marshgate Phase 2 and Woodlands. Anthology are also in default under the interest payment terms in each of the loan agreements. The interest is due bi-annually, and payments are outstanding for March 2020 and September 2020.

1.2 The GLA has issued reservation of rights letters to Anthology to highlight these milestone defaults whilst considering variations to the loan terms requested by Anthology. The letters for both schemes were acknowledged by Anthology on the 05 May 2020 and are further acknowledged, with all rights of GLAP in the standstill agreements, referred to at paragraph 1.4 below. Additional due diligence on Anthology as a counterparty as well as on the viability and valuation of the development projects and secured assets were commissioned.

1.3 However, it is apparent that even with the deferment of interest payments, Anthology still has cash-flow issues for Marshgate Lane. Anthology has stated that the shortfall is predominantly a consequence of not receiving the planned Golden Brick monies from a Housing Association, because of the planning delays associated with the appeal process.

1.4 The GLA appointed BCLP to prepare standstill agreements to reserve GLA's rights in respect of the existing loan defaults and reserving all rights for GLAP to terminate the loan agreements and to take any enforcement action after the duration of the standstill periods. The standstill agreements were signed on 16 December 2020 and will remain in place until the 25 February 2021, or, if sooner, the date at which revised loan terms are incorporated via revisions to the original facility agreements. The standstill period can be extended by agreement.

2. Continued lending assessment: creditworthiness, counterparty strength and security

2.1 To date, the following work has been carried out:

- independent business review (provided by Traderisks) of Anthology Group;
- updated Red Book valuations of both sites by CBRE; and
- work (by Traderisks) to assess the financial viability of both schemes and advice on alternative terms.

2.2 The initial credit assessment rated the contracting entities (Anthology Dev 6 Ltd and Anthology Kennington Stage Ltd) as "weak" due to the special purpose vehicles ("SPVs") having little equity and no net assets at the time of contracting – this is customary for SPVs created for development projects.

2.3 Anthology Group Limited (AGL) is a UK registered company (company no: 09678933) with an immediate parent based in Luxembourg. The Luxembourg parent is funded by an investment fund (Oaktree European Fund III LP) based in Luxembourg and the Cayman Islands. The ultimate parent company is Oaktree Capital Management, a fund manager with over $100bn of assets under management worldwide. A Know Your Customer assessment was carried out at the time of entering into all Anthology transactions and it will be reviewed again as part of the due diligence for the revised loan terms.

2.4 The GLA commissioned Traderisks to undertake an updated credit assessment of the SPV accounts for each scheme, and Anthology Group Limited. The review was based upon the latest audited accounts (from September 2020) and followed Moody's methodology for assessment of the credit strength of counterparties.

2.5 The rating outcome was B3: this is a non-investment grade, highly speculative credit rating. However, this is not uncommon for a medium sized development company: by comparison, Taylor Wimpey PLC, the parent company of one of the largest housebuilders in the UK achieved a 'Baa3' rating under this methodology, this is investment grade by a small margin. The outcome of the rating was aligned with the GLA's own "weak" rating of AGL at the time of committing the loans: it was a young entity with limited equity in the group structure.

Security and valuations

2.6 CBRE was commissioned to provide red book valuations of the land and completed projects at phases 1 and 2 of Marshgate Lane, and Woodlands, and sensitivity testing of land values as a function of different planning outcomes.

2.7 GLAP benefits from a first ranking legal charge over Phase 2 of the site at Marshgate Lane and has security over the agreement for lease that the Marshgate borrower has over Phase 1. GLAP also has a first ranking legal charge over Woodlands, along with security assignments in relation to the development agreements for the projects, a first ranking debenture over each SPV's assets, and sole control over two charged deposit accounts into which the sales receipts of each scheme will be deposited. Therefore, an up to date position of the relative land and development value (of the completed works) of each project is crucial in framing future approaches the GLA takes in terms of recovery.

2.8 The current land and development values are included in appendix 1. The most stable asset in valuation terms is Marshgate (phase 1), as this is the only element which has planning consent, is on-site with a target completion date of July 2021, and currently marketed for sale with 25 reservations (this represents a third of the phase 1 units for sale). The advanced nature of the works on site means standard development risks such as below ground obstructions or remediation are not applicable. The works are also subject to a JCT Design and Build fixed-price contract, meaning greater cost certainty.

2.9 The assessment in appendix 1 highlights the headroom between the GLA's collateral value and the commitments for each loan, assuming the undrawn element of the Woodlands facility is utilised to fund the completion of phase 1 of Marshgate, as per the terms in this decision document. For Marshgate phase 2 and Woodlands, the security is defined as the residual land value of the sites (assuming planning is not granted for Woodlands and based on a lower density application for Marshgate phase 2, given the appeal was dismissed on the higher density application). The value of the security for Marshgate phase 1 is stated as the value of the completed units. A notional discount of 15% has been applied to the security value to reflect a fire sale of the assets in a distressed position and residual uncertainties around planning outcomes for the sites.

2.10 The values have been stress-tested to reflect a downturn in achieved sales price and land values. The stress test demonstrates that, other things being equal, the combined security value can sustain value erosion of up to 13% before the drawn value of the loans matches and/or starts to exceed its security value (assuming the 15% discount on security value is fully utilised). This security headroom is due to the significant value of the completed asset on phase 1 at Marshgate and reinforces the importance of completing the works on phase 1 to ensure values can crystallise through sales.

3. Revised loan terms and rationale

3.1 To date, the £27.9m loan facility at Marshgate has been drawn in full to fund £38m of the land and development costs. The total scheme costs for completion of phase 1 (including the land payments for the whole site) are £63.9m (as certified by the GLA's independent monitoring surveyor). The developer is expected to contribute £13.327m of equity towards the project under the existing facility agreement. This leaves a funding shortfall of £22.67m for the project to be completed. The revision of the loan terms seeks to address this funding gap.

3.2 The full details of the loan term revisions can be viewed in appendix 2.

3.3 The overarching rationale of the proposal was to reconcile the following objectives:

<u>No new funding lines to Anthology</u>

3.4 Accounting for the repayment of the Wembley loan, GLAP has committed just under £105m of funds to three Anthology SPVs across three sites (Appendix 3). This presents a concentration risk and providing an additional loan facility to Anthology would compound the issue.

3.5 The proposal is to port the undrawn commitment on Woodlands to Marshgate, where it can be utilised to focus on completing phase 1. This entails no additional funding commitment to Anthology.

<u>Increasing the GLA's security</u>

3.6 This is achieved in a number of ways:

a) Adding covenant headroom on phase 1, Marshgate:

3.7 Future drawdowns from the undrawn element of Tranche A (the existing committed facility for Marshgate) and Tranche B (the undrawn commitment for Woodlands which is now proposed to be used to fund phase 1 of Marshgate) will finance 50% of the scheme costs. This is a reduction from the existing loan to cost covenant of 70% and establishes a risk-share principle between GLAP and Anthology: it ensures both parties are contributing in equal amounts to closing the financing gap for Marshgate phase 1.

b) Adding other sources of security for phase 1:

3.8 Currently only Woodlands benefits from a parent company guarantee from Anthology Group Ltd, albeit with a limited scope, in which Anthology Group Ltd guarantees to pay GLAP the difference between the value of the site without planning permission and the value of the site with the benefit of planning permission in the event that there is a breach of either the Loan to Cost or Loan to Gross Development Value covenants in the Woodlands facility.

3.9 The new loan terms for Marshgate also add a parent company guarantee from Anthology Group Ltd for the equity required to pay their 50% contribution towards future scheme costs to complete phase 1. The parent company guarantee also extends to all current outstanding and future outstanding interest payments until completion of phase 1. This guarantee would step down by the amount equivalent to each equity contribution to development costs and interest payments made by Anthology to GLAP.

3.10 Additionally, Anthology Group Ltd will be required to provide a parent company guarantee for the contingency amount of £967,000 it had planned as a budgetary buffer for phase 1 of Marshgate, acting in effect as a cost overrun guarantee.

No obligation to fund phase 2 of Marshgate and Woodlands

3.11 Given the outcomes of the planning appeal on Marshgate phase 2, and the remaining level of uncertainty attached to the planning outcomes on the above-named sites, GLAP has reserved its right not to fund the future phase of Marshgate and/or Woodlands. A benchmark profit on cost of 12% is also required for GLAP to consider funding the above phase and site. This cannot yet be ascertained until the outcome of new applications are known. For the avoidance of doubt, the cost of preparing new planning applications would sit solely with Anthology Group Limited.

3.12 This profit margin is to be evidenced via a red book valuation of the gross development value of the sites, and a cost plan of the construction costs certified by independent quantity surveyors.

Earlier repayment of the loan should Anthology's strategy be unsatisfactory:

3.13 The date for the repayment of the loans will vary based on a number of scenarios. As a first consideration, Tranche B of Marshgate (£10.214m) will be repaid from the sales receipts of phase 1 in all cases.

3.14 Should the GLA not be satisfied that Marshgate phase 2 or Woodlands are viable as discussed in 3.11, Anthology Group will be required to repay the drawn amounts for either facility as well as any interest outstanding applicable to the unviable sites by a longstop date of 30 March 2022. The repayment would occur from sales receipts of phase 1 of Marshgate (in the case of the Marshgate facility), and, if required, a refinancing or disposal of the land at Woodlands (in the case of the Woodlands facility). The repayment longstop date for the existing facilities is 30 December 2022, this proposal shortens the repayment timeframe by 9 months.

3.15 Should the GLA be satisfied that each project is viable, the current facility agreements would be revised to account for any changes in the facility amounts required and development milestones. The sales receipts in the blocked account would be released for drawdowns against future development costs for each project, as and when they are evidenced and certified by GLAP's monitoring surveyor, as is the case in the current facility agreements. The repayment milestones would need to be agreed to account for new development programmes for each project.

3.16 Should there be a period of discussion between GLAP and Anthology about the viability of the projects, the sales receipts from phase 1 of Marshgate will be kept locked in the charged account (over which GLAP has sole signing rights) until the longstop date of 30 March 2022. If no agreement is reached, then as described under 3.14, repayment will be scheduled to occur by the longstop repayment date of 30 March 2022.

4. Options dismissed

4.1 GLA officers considered a number of proposals from Anthology and options from the GLA's commercial advisors:

Option 1: increasing the facility amount on Marshgate to close the funding gap. This was initially requested by Anthology and was dismissed on the basis that it would have increased the GLA's exposure to Anthology and did not provide a proportional response to the funding gap for both parties.

Option 2: terminating the loan agreements and requiring repayment. As the SPVs hold no assets other than the development sites, it would require GLAP to step into the development agreements which would likely cause disruption and delays. This would also constitute a novel and potentially costly situation for the GLA acting as receiver of a partially completed development site.

Option 3: refinancing of the existing facilities from third parties. It would likely take a length of time for Anthology to source a finance partner for phase 1, which would prove difficult given its practical completion is anticipated in July 2021. The current risk appetite in the lending market is also likely to create impediments in this regard.

Option 4: requiring Anthology to fund the whole of the future costs of phase 1 from equity. This would require changes to the facility agreements and would prejudice the viability of the projects (and therefore potentially the affordable housing quantum on both sites), as well as Anthology's ability to progress other sites, some of which the GLA is providing development finance for.

4.2 In the interest of maximising the recoverability and liquidity of GLAP's security and ensuring Anthology could continue to develop its sites, the terms discussed in section 3 and appendix 2 of this document were favoured instead of the options outlined above.

5. Risks:

a) Programme risks

5.1 Should the GLA opt not to fund Marshgate phase 2 and Woodlands House, the Land Fund monies would have only delivered 75 private market homes. This is an undesirable outcome given the initial purpose of the investment was to unlock 50% affordable housing on both sites (anticipated at the time to be circa 300 affordable units). However, it provides the option for GLAP to recover its investment earlier than originally agreed under the contract, and to redeploy it to meet the objectives of the Homes for Londoners Land Fund on other sites.

b) Financial risks

5.2 Terminating the Marshgate and Woodlands schemes may have wider impacts on sub-contractor payments, as a GLA step-in process could require lengthy and costly due diligence which could delay payments.

5.3 Any decision made to terminate the Land Fund loans will have a negative impact on the relationship between the GLA and Anthology, which in turn could strain the management of the remaining investment at Hale Village through to completion. However, this is a limited risk as the scheme is well progressed.

5.4 A risk remains for the repayment of the proposed facilities from phase 1 receipts and refinancing or disposal of the phase 2 and Woodlands land. For phase 1, the main risk comes from sales receipts – these have been valued externally by CBRE, however changes to stamp duty relief and the help to buy scheme could affect values or the sales rate. Land values could be affected by the same sales risks, as well as construction cost inflation which is a possible scenario if the sourcing of materials are impacted as a result of the terms of UK's trading relationship with the EU. However, there is a 15% headroom between the committed loan amounts and prospective value of the secured assets which can act as a buffer to mitigate these risks.

c) Reputational risk

5.5 One of the areas of local concern with the Woodlands scheme has been the status of The Cinema Museum (TCM), which is a tenant of Anthology occupying Masters House (which is within the redline of the application but is not proposed for demolition). TCM has sought for several years to acquire a long lease for their building and consider (based on correspondence from former site-owners South London and Maudsley Trust) that Anthology were successful in their bid to acquire the site in part on the basis of a 'promise' that upon purchase they would reach an ownership agreement with TCM.

5.6 TCM and Anthology engaged in a commercial negotiation on the terms of the lease during 2019, facilitated in part by the GLA. This culminated in agreement of a price of £1m for a 999-year lease, which Anthology consider to be substantially *below* a full market valuation and TCM consider to be *above* full market valuation. The security of a long lease is essential to the long-term sustainability of TCM in that it impinges on their ability to successfully fundraise for their operations and for the refurbishment of their buildings. TCM's aspiration is to undertake this work such as to minimise overall disruption alongside any construction programme on the wider site (demolition of Woodlands Care Home and erection of the new tower).

5.7 The retention of TCM formed part of the planning application submitted to the London Borough of Lambeth (LBL). Anthology also provided a legal undertaking to offer a 999-year lease at a peppercorn rent, for a premium of £1m as evidence for the appeal inquiry. This element was given moderate weight by the planning inspector's report stating: "the retention of the Cinema Museum use of The Master's House is accepted by all parties to be beneficial. They are committed to maintaining their use of the building and are confident that they could raise the necessary funds to accept the lease offer thus ensuring their future."

5.8 Subsequent conversations between the local planning authority and Anthology have re-affirmed that the retention of TCM would be required for a new planning application. In the event that Anthology decide not to develop the site and to repay the loan from a land disposal, there is no guarantee that a subsequent owner would offer similar terms to TCM.

Appendix 1 – Security Value

A	B	C	D	E
Drawn Amount - Marshgate	**Gross Development Value of Phase 1 (once completed)**	**Residual Land Value of Phase 2 (275 unit scenario)**	**Notional Security Value on Completion (B+(C x 85%))**	**Headroom on loan drawn at completion (E-A)**
£38,119,000	£37,935,000	£13,200,000	£49,155,000	£11,036,000

A	B	C	D
Drawn Amount - Woodlands	**Value of Land (without planning)**	**Notional Security value (B x 85%)**	**Security headroom (C-A)**
£11,600,000	£12,500,000	£10,625,000	-£975,000

A	B	C
Total Drawn Amount	Total Notional Security Value	Total Security Headroom (B-A)
£49,719,000	£59,780,000	**£10,061,000**

Appendix 2 – Loan Variations Term Sheet

Terms	Original 05 December 2018	*Revisions*
Key Terms		
Charge Over Shares	GLAP has a first ranking share charge over the shares of the developer.	unchanged
Debenture	GLAP has a first ranking debenture. Debenture to incorporate fixed and floating security over all current and future assets, including revenues, of the Borrower, including a legal charge over the Site and security assignments over the development and construction documents.	unchanged
Guarantee/ Guarantor	Parent Company Guarantee (PCG): guaranteeing to pay GLAP the difference between the value of the site without planning permission and the value of the site with the benefit of planning permission if there is a breach of either the Loan to Gross Development Value covenant or the Loan to Cost covenant. The guarantee falls away once planning to the satisfaction of GLAP is achieved and valuation supports drawn debt.	The following PCGs are added until the Longstop Repayment Date: - £10.214m for deferred equity under Tranche B - [£TBA] for deferred interest - £967k for contingency The Deferred Equity element will step down in line with equity contributions as they are made. The Deferred Interest element will be capped at an amount no more than the amount of future interest due to be paid by ASM, before the loan in relation to ASM P1 is forecast to be repaid in full, in accordance with the most recent forecast cash flow. This guarantee will step down every 6 months in line with the amount of interest paid on each interest payment date
Funding Amount	The principal loan and facility and drawdown amounts are: *Facilities:* • ASK - £21.85m (£11.6m drawn, £10.3m balance) • ASM - £27.95m (£25.15m drawn, £2.8m balance)	The following changes are made: • £10.214m of facility currently afforded to AKS to be reallocated to ASM as a new "Tranche B" • The original £27.9m ASM facility becoming "Tranche A".
Legal Charge	First ranking charge over each site, as included in the Debenture.	Unchanged
Monitoring Surveyor	Martin Arnold - as appointed under the Deed of Warranty to GLAPP.	Unchanged

Security Assignment	Assignment over any project or development/construction documents entered into by the Developer.	Unchanged
Conditions precedent (to funding claims)	The payment CPs are currently defined as: insofar as they have been entered into and not already been provided in relation to the Works to which the Claim relates, a copy of the appointment of each member of the Professional Team, the Main Contractor, each Key Sub-Contractor and each Trade Contractor (as relevant); (b) evidence that: (i) the amount of the Claim is in accordance with the Scheme Budget; (ii) such Development Costs have been incurred; and (iii) it relates to Development Costs for which the Developer has not submitted any other Claim or Recycled Funding Request, in each case as certified by the Monitoring Surveyor; (c) evidence satisfactory to GLAP demonstrating that the arrangements relating to all funding for the Scheme in addition to the Funding and that the Developer continues to have sufficient funding (whether from its own resources or otherwise to complete the Scheme in accordance with the Scheme Budget); (d) any amount of funding identified in the Scheme Budget as due to be paid by the Developer in relation to the Scheme prior to the date of the Claim (including the Developer Contribution) has in fact been paid in full by the Developer; (e) a valid Claim made in accordance with Clause 5.7 (Mechanics and payment of Claims for Funding); (f) in the case of each Claim, evidence that there are no unfunded Costs Overruns; The recycled funding claims are defined as: (i) the amount of the Claim is in accordance with the Scheme Budget; (ii) such Development Costs have been incurred; and (iii) such Development Costs have not been the subject of any other Recycled Funding Request, in each case as certified by the Monitoring Surveyor	In addition to the existing CP's, GLAP would expect to see the following: For ASM phase 1: (i) costs are funded 50:50 debt:equity up to the limit of the existing Facility (£27.9m Tranche A), (ii) Standstill Letters for both ASM and AKS are executed, and (iii) these terms are approved on behalf of ASM and AKS by a suitably authorized individual and suitable evidence of this is provided to the GLAP (e.g. an email from the Group Chief Financial Officer confirming his support and that the terms will receive his recommendation to the board). For ASM phase 2: (iv) Satisfactory Planning Consent is delivered for P2, (v) Satisfactory updated appraisal, cash flow and programme is presented to GLAP and approved by them, and (vi) revised scheme / approach / any necessary changes documented. (vii) Principal Contractor to be used on ASM P2 and AKS to be approved by the GLAP (noting that Wates Group and Watkins Jones are to be considered as pre-approved). For AKS (viii) Satisfactory Planning Consent is delivered for AKS, (ix) Satisfactory updated appraisal, cash flow and programme is presented to GLAP and approved by them, and

		(x) revised scheme / approach / any necessary changes documented. (xi) Principal Contractor to be used on ASM P2 and AKS to be approved by the GLAP (noting that Wates Group and Watkins Jones are to be considered as pre-approved).
Events of default	As typical for a facility of this type, including but not limited to: • Payment default; • Material adverse change • Cross default if there is a senior default • Failure to achieve development milestones • Funding shortfall over the works and the project • Termination of material contracts • Insolvency of Borrower and guarantor or material contractor • Financial covenant breach, which is un-remedied within an agreed timeframe. • Breach of the diversity and inclusion plan which is not remedied to the satisfaction of GLAPP	• Subject to a longstop date for the delivery of the following, all clauses related to, and causing, defaults / events of defaults as a result of the planning delay at ASM P2 and AKS to be amended such that no default / event of default remains or can be triggered by the planning delay; - planning consents, - updated business plan / scheme appraisals, - updated cash flows (ASM & AKS), - updated programmes, and - a procurement plan All to be to the GLAP's satisfaction, which will be deemed to be the case provided that for the relevant scheme (as evidenced in a development appraisal and associated external reports), - a blended profit on cost of no less than 12% is achieved for each scheme – for the avoidance of doubt, for ASM P2 this must be ASM P1 & P2 combined - a contingency allowance of no less than 3% of construction costs prior to entering into a JCT Design and Build Contract – for the avoidance of doubt, for ASM P2 this just relates to ASM P2, - the development appraisal shall use the gross development value stated in

		the most recent RICS valuation report, - the development appraisal shall include build costs as certified by a third-party cost plan provided by a suitably qualified firm of quantity surveyors with recent experience in costing schemes of this scale and complexity. The GLAP shall have reliance and sign-off of such a cost plan report, - the red book valuation and cost plan shall be updated if any of the projects go through a redesign process following failure to obtain a planning permission, and - the development appraisal shall be prepared and provided on an open book basis. GLAP can waive the need to satisfy any or all of the above in its sole discretion. • Longstop date for reaching agreement with the GLAP to 'unlock' ASM P2 and AKS is 30/03/2022. This timeframe was allowed for: - The planning process to be fully exhausted, - ASM / AKS to establish a fully bottomed out strategy and present it to the GLAP, - GLAP to consider (and approve) the revised strategy, and - Undertake any due diligence and documentation.
State Aid	Original opinion provided compliance with 'Market Economic Operator Principle'	An updated opinion will be sought from lawyers as part of the scope of works for the revised transaction.
Covenants		
Loan to Cost	The Developer must ensure that the Loan to Cost does not, at any time, exceed 70%.	Future costs due to be incurred by ASM P1 in order to achieve PC to be funded 50:50 debt: equity (previously 63:37) – this includes when utilising

	Costs are defined as the latest estimate by the Monitoring Surveyor of 90% of the Development Costs (save in respect of the purchase price of the Site, where 100% of the purchase price shall be included) incurred at that time.	current headroom within the facility (Tranche A) of £2.8m + £10.214m coming from AKS reallocation (Tranche B). All future costs will be certified by the appointed Monitoring Surveyor.
Loan to Gross Development Value	Loan to not exceed 55% of the Gross Development Value of the scheme. "Gross Development Value" means the Market Value of the Completed Schemes calculated in accordance with the most recent Valuation.	Unchanged
Repayments, interest and fees		
Repayments	All sales receipts are paid into the Deposit Account which GLAP has a charge over. The receipts in this account can either be recycled to fund development costs or used to service GLAP's debt. The contractual final repayment dates for both the ASM and AKS is 31 December 2022.	• All ASM sales receipts go into the Deposit Account where they are held under the control of GLAP. These funds are held pending release to fund costs (i.e. Recycled Funding) at either ASM or AKS (via AGL). • Following PC of ASM P1 the first sales receipts from ASM P1 will need to be used to repay the £10.3m Tranche B loan (including relevant interest). Thereafter; - On the assumption ASM P2 and AKS do not proceed, the existing drafting already ensures all ASM sales receipts go into the Deposit Account and remain under the control of the GLAP. In this scenario, after repaying Tranche B, sale proceeds will ultimately be used to repay ASM P1. - On the assumption ASM P2 is to proceed with GLAP funding there is no intention to amend the principles regarding repayment for ASM P2 and/or AKS to be unlocked, however, they will need to be reviewed to ensure the Recycled Funding elements still work correctly. - If it's uncertain whether ASM P2 is going to proceed with GLAP funding or not, then the ASM P1 sale receipts will

		remain in the Deposit Account until the revised Final Repayment Date (31/03/2022). • If suitable planning consent and GLAP agreement to fund are not delivered repayment will be required by the Final Repayment Date (31/03/2022).
Interest	Interest is paid on the balance of the facilities bi-annually. Each Interest Period shall be a period of six months ending on 31 March or 30 September	• Interest on existing ASM Facility Amount (£27.9m Tranche A) to continue to accrue daily and become payable upon the earlier of (i) repayment from post PC sales proceeds, and (ii) the Final Repayment Date. To be clear, this means the interest will roll up (i.e. no capitalisation or compounding of interest). This includes interest which; - was due but not paid in Mar 2020 (£459,683.21) and Sep 2020 (£646,135.62) - would have been due in Mar 2021 and 6-monthly thereafter • Interest on the new ASM Additional Facility Amount (£10.214m Tranche B) to be payable quarterly as it falls due from ASM's own resources (i.e. not capitalised, not deferred until PC, and not paid from sale receipts) • Interest on the existing AKS Facility (drawn and undrawn debt) to continue to accrue daily and be payable on the interest payment dates (31 March and 30 September). For clarity interest which; - was due but not paid in Mar 2020 (£379,336.44) and Sep 2020 (£379,336.44) will become payable on 31 March 2021 (no capitalisation or compounding of interest), - would have been due in Mar 2021 and six-monthly

		thereafter will be payable on the relevant interest payment date.
Transaction fee costs	The Borrower will be responsible for costs incurred by it and GLAPP in connection with the negotiation, preparation and execution of the finance documents. This includes legal costs, valuation costs and monitoring surveyor costs. Any costs associated with variations or amendments or waivers requested by the Borrower to be paid for by the Borrower.	The Lender's legal costs estimated at [£15,000 to £20,000] plus VAT to be paid by the Borrower via a cost undertaking.
Default Interest	The Developer shall pay default interest on such outstanding amount from the due date until the date of actual payment (both before and after judgment) at a rate per annum equal to 2% above the existing rate of interest	Unchanged for future drawdowns.
Development Details		
Long-stop date for 'unlocking' funding on future phases.		ASM P2 is 31/03/2022 AKS is 31/03/2022
Practical completion dates		ASM P1 is 31/10/2022 ASM P2 and AKS subject to satisfying future CP's to 'unlock' these phases.
Final repayment date	ASM is 31/12/2022 AKS is 31/12/2022	ASM is 31/03/2022 or a later date agreed between the parties should GLAP opt to fund P2. AKS is 31/03/22 or a later date agreed between the parties should GLAP opt to fund AKS.

Appendix 3 – GLAP-Anthology Loan Book

Scheme	Programme	Homes	Affordable	Current committed Facility	Amount Drawn	Longstop Repayment Date
Hale Village (two investments)	Housing Zones	250 (15% affordable)	38	£55,159,294	£55,159,294	30/09/2021
Wembley Parade (repaid facility)	*Housing Zones*	*195 (40% affordable)*	*78*	*£0*	*N/A (repaid)*	*31/12/2020*
Total Housing Zones		**445**	**116**	**£55,159,294**	**£55,159,294**	
Marshgate	Land Fund	350 (50% affordable)	175	£27,905,000	£25,150,000	31/12/2022
Woodlands	Land Fund	254 (50% affordable)	127	£21,854,000	£11,640,000	31/03/2023
Total Land Fund (excludes repaid facility)		**604**	**302**	**£49,759,000**	**£36,790,000**	
Grand TOTAL				**£104,918,294**	**£91,949,294**	