



Exercise of Delegated Authority

By: Chairman, Finance and Policy Committee

On: 27 October 2014

Subject: Earls Court Joint Venture Funding Request

In accordance with the authority delegated from the Board, the Chairman of the Finance and Policy Committee, in consultation with available members of the Committee on 27 October 2014:

- 1 approved the investment of up to £120.25m in Phase 1 of the development at Earls Court, as described in the paper. The investment of £120.25m is within the maximum approved budget of £150m, as set by the Board and is being made in accordance with TfL's usual investment processes; and**
- 2 noted that in its decision of 5 February 2014, the Board delegated to TfL including Transport Trading Limited (TTL) and any other subsidiary (whether existing presently or to be formed) of TTL (and any of the directors of the relevant company shall be authorised to act for and on behalf of that company) (the Subsidiaries) and the Commissioner, Managing Director Finance, Managing Director Rail and Underground and General Counsel (TfL Officers) the authority to approve and finalise the terms (including the financial terms) of all documentation required in relation to the creation, operation and management of the joint venture with Capco and authorise the execution (whether by deed or otherwise) on behalf of TfL or any Subsidiary (as appropriate) of any documentation to be entered into in connection with the completion (including, without limitation, all agreements, deeds, guarantees, indemnities, announcements, notices, contracts, letters or other documents).**

I confirm that I do not have any disclosable pecuniary interests in the this matter, and took the decision in compliance with TfL's Standing Orders.

Peter Anderson, Chairman, Finance and Policy Committee

Supporting Information

1 Consultation

All members on the Finance and Policy Committee received a copy of supporting information setting out the rationale for the investment. The persons present on a call (10.30am – 11.15am) immediately prior to the decision being taken, were:

Members

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|---------------------|---------------|
| Peter Anderson | Chairman |
| Daniel Moylan | Vice Chairman |
| Sir John Armitt CBE | Member |
| Brian Cooke | Member |
| Angela Knight | Member |
| Michael Liebreich | Member |

Staff

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|----------------------|--|
| Steve Allen | Managing Director, Finance |
| Howard Carter | General Counsel |
| Jonathan Cornelius | Senior Property Development Manager, Finance |
| Graeme Craig | Director of Commercial Development |
| Henry Gervaise-Jones | Head of Finance, Commercial Development |
| Shamus Kenny | Head of Secretariat |

2 Related Authority

Board, 5 February 2014, minute 13/02/14, resolution paragraph 4.

The Board:

- 4 delegated to the Chairman of the Finance and Policy Committee (in consultation with available members of the Committee) the authority to approve any investment decisions and guarantees required within the maximum approved budget set out in the supplemental paper on Part 2 of the agenda. Any such investment decisions and guarantees to be taken in accordance with TfL's usual investment processes;

3 Background Information provided and key issues considered by the Chairman and Committee members

- 1 Information was provided on the Funding Notice issued by Earls Court Partnership Limited (JV) to fund its capital requirements over the next two years. Its funding advisors had recommended using additional equity rather than introducing third party debt at this stage. The Funding Notice was issued on 14 October and TfL had until 12 November 2014 to confirm whether or not it wished to provide its pro-rata share of the Funding Notice.
- 2 The Committee was updated on the progress of the planned development, including that the London Borough of Hammersmith and Fulham had signed off on the demolition of Earls Court 1 and 2. Members discussed the current funding requirement, which would see the land developed into fully serviceable plots, and the associated financial analysis. The investment would be issued to the contractors as and when it was required.

- 3 The Committee discussed the development, the current market and the quality of and market interest in the Lille Square development and considered that the investment was appropriate in this context.
- 4 Members commented on the importance of the Joint Venture appointing established construction contractors with good track records for major developments. They also recommended that initial discussions with the banks on funding the construction phases through debt should be started as soon as possible.

[End]