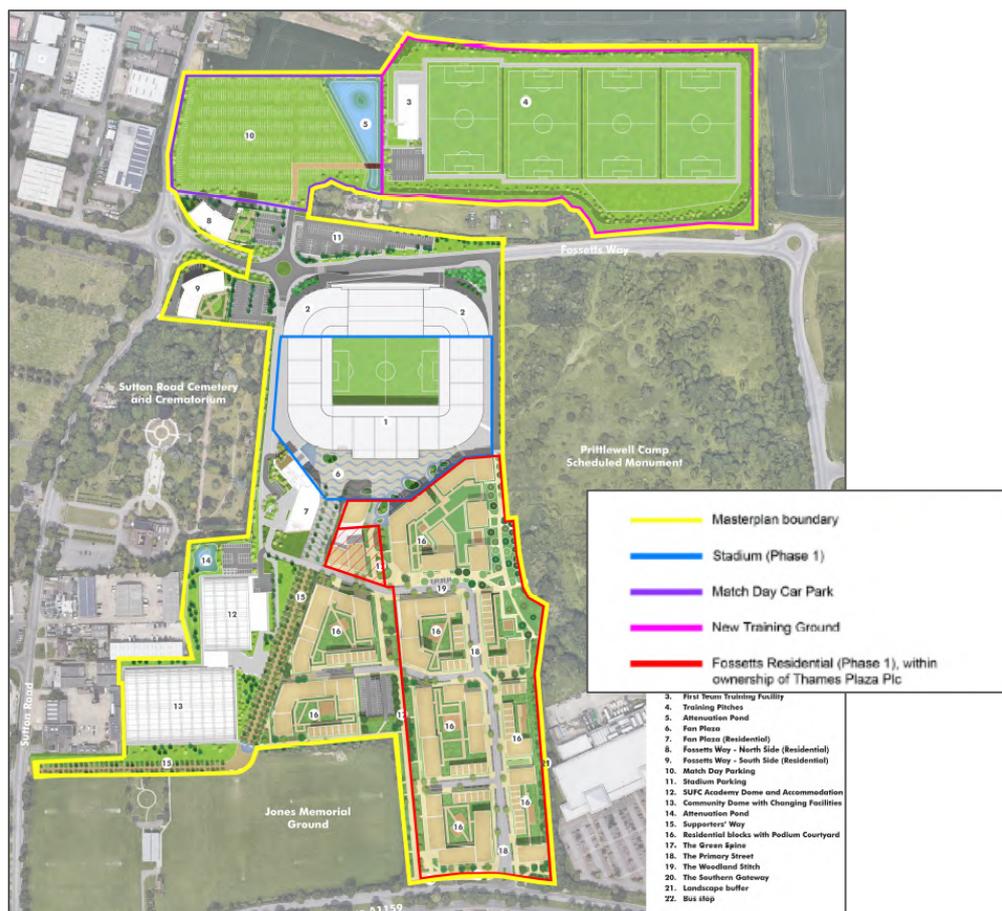


**Fossetts Farm and Roots Hall**  
**Delivery Strategy**

**Introduction**

1. Two companies called Thames Plaza Plc (“**Thames Plaza**”) and Roots Hall Limited (“**RHL**”), own (or have contracted to purchase) all the land at Fossetts Farm and Roots Hall. Both companies are Special Purpose Vehicles (“**SPVs**”) established to deliver the developments.
2. Thames Plaza has entered into an Agreement for Lease (“**Council AFL**”) with Southend-on-Sea Borough Council (the “**Council**”) over Fossetts Phase 1, comprising c.850 units residential units (“**Fossetts Phase 1**”). The demise of the Council lease under the Council AFL is shown on the below plan in **red**. The Council will be obligated to lease the residential units that make up Fossetts Phase 1 following practical completion of each sub phase.
3. RHL has entered into an Agreement for Lease with Southend United Football Club (“**SUFC**”) over the first phase of the new stadium (“**Stadium Phase 1**”). The demise of the SUFC lease under the Stadium AFL is shown on the below plan in **blue** and **purple**. The Stadium AFL obligates RHL to develop the Stadium Phase 1 (in line with the planning application), which includes the south, east and west stands and match day car park, and is subject to RHL securing funding for the construction. RHL will grant a 20 year lease to SUFC over the stadium and grant rights to use the match day car park once practically complete. The lease is inside the 1954 Act providing SUFC with security of tenure. SUFC is responsible for securing the issue of the Safety Certificate and any licenses for the sale of alcohol at the Stadium.
4. RHL has also entered into an Agreement for Lease with SUFC over the new training ground (“**New Training Ground**”). The demise of the SUFC lease under the New Training Ground AFL is shown on the below plan in **pink**. The New Training Ground AFL obligates RHL to develop the four new pitches and the players car park (in line with the planning application), and is subject to RHL securing funding for the construction. RHL will grant a 20 year lease to SUFC over the over the new pitches and players car park once practically complete.
5. **Temporary Clubhouse** - A temporary planning application will be submitted on land to the north of the stadium (plan available upon request) for a temporary training facility (“temporary Clubhouse”) to ensure there is no net loss of training facilities. It is the intention that SUFC will use this Clubhouse prior to the permanent training facility being delivered at a later date (when it can be funded). The New Training Ground AFL will be amended to extend the lease demise to include the temporary Clubhouse site.
6. The Fossetts Masterplan can be seen below, which overlays the lease boundaries under the abovementioned AFLs:



7. RHL has as entered into an Agreement for Lease with Southend-on-Sea Borough Council (the “Council”) over the whole of Roots Hall, comprising c.502 residential units. The Council will be obligated to lease the residential units at Roots Hall following practical completion of the scheme.
8. The AFLs referred to in points 1, 2, 3, 4 and 6 were all exchanged in May 2021.
9. A structure chart showing the contractual relationship between the various stakeholders can be found at **Appendix 1**.

### **Funding Strategy**

10. The project will be funded through discrete funding agreements as follows:
  - A loan form Homes England – to fund “Infrastructure and Stadium Works”
  - A sale of Fossetts Phase 1 (the residential land at Fossetts that is subject to the Council AFL at Fossetts) under a forward funding agreement.
  - A sale of Roots Hall under a forward funding agreement.

### ***Homes England Loan***

11. It is anticipated that Homes England (the Government’s housing delivery agency) will, initially, advance RHL a loan facility of c.£30m. The Homes England loan will be used to fund the following “enabling works” that accelerate and unlock the delivery of the residential at both Fossetts and Roots Hall:
  - a) Sitewide utilities at Fossetts.
  - b) New training ground at Fossetts (comprising four playing pitches, players’ car park and temporary Clubhouse”).

- c) On-going professional fees relating to the delivery of the developments.
  - d) Repay existing loans secured against the site to enable Homes England to take a first charge.
  - e) The development cost of Stadium Phase 1.
12. The Homes England funding is subject to a satisfactory planning permission. The Homes England loan is also subject to HoTs being agreed with a forward funder for Fossetts Phase 1. The intention is to complete the Homes England loan facility (enabling RHL to begin drawing down funds) as soon as planning permission is granted follow expiry of the JR period and, in any event, on or before 30<sup>th</sup> November 2021.
13. The Homes England loan will be secured via a first charge over all the land interests at both Fossetts Farm and Roots Hall.
14. Importantly, the Homes England loan provides for the ability to recycle the proceeds from residential land sales (such as the Land Payment described in point 15 below) to be reinvested into the delivery of the project (for example, to fund the development cost of Stadium Phase 1). Any proceeds that are recycled are swept into a Recycling Account over which Homes England have security.

#### ***Forward Funding of Fossetts Phase 1***

15. Thames Plaza will sell Fossetts Phase 1 to an institutional investor, most likely a pension fund or insurance company, (hereafter the “**Fund**”) under a forward funding agreement. The structure will take the form of a traditional forward funding agreement, whereby the Fund will pay an amount for the land (“**Land Payment**”), following which all development costs will be paid for by the Fund, with a balancing payment paid by the Fund to Thames Plaza upon practical completion. The Land Payment is anticipated to be in the region of £50m.
16. The forward funding agreement with the Fund is subject to:
- a) Site assembly
  - b) Vacant possession
  - c) Planning permission
  - d) A build contract
17. Vacant possession of Fossetts Phase 1 is achieved once the new training ground at Fossetts (comprising four playing pitches and players’ car park and temporary Clubhouse) is complete and SUFC has relocated.
18. Homes England will release its first charge over the land required for Fossetts Phase 1 to enable the forward funding agreement to complete and the Land Payment to be advanced to Thames Plaza.

#### **Delivery Strategy – New Training Ground, Stadium Phase 1, Fossetts Phase 1 and Roots Hall.**

19. A summary of the various steps to deliver the new training ground, new stadium and Fossetts Phase 1 can be seen below:
- **Step 1** - Homes England advance a loan of c.£30m to RHL that will (initially) be used to fund the sitewide utilities, the new training ground (four pitches and players’ car park and temporary

Clubhouse), ongoing professional fees and the repayment of the loans currently secured against the Fossetts and Roots Hall site.

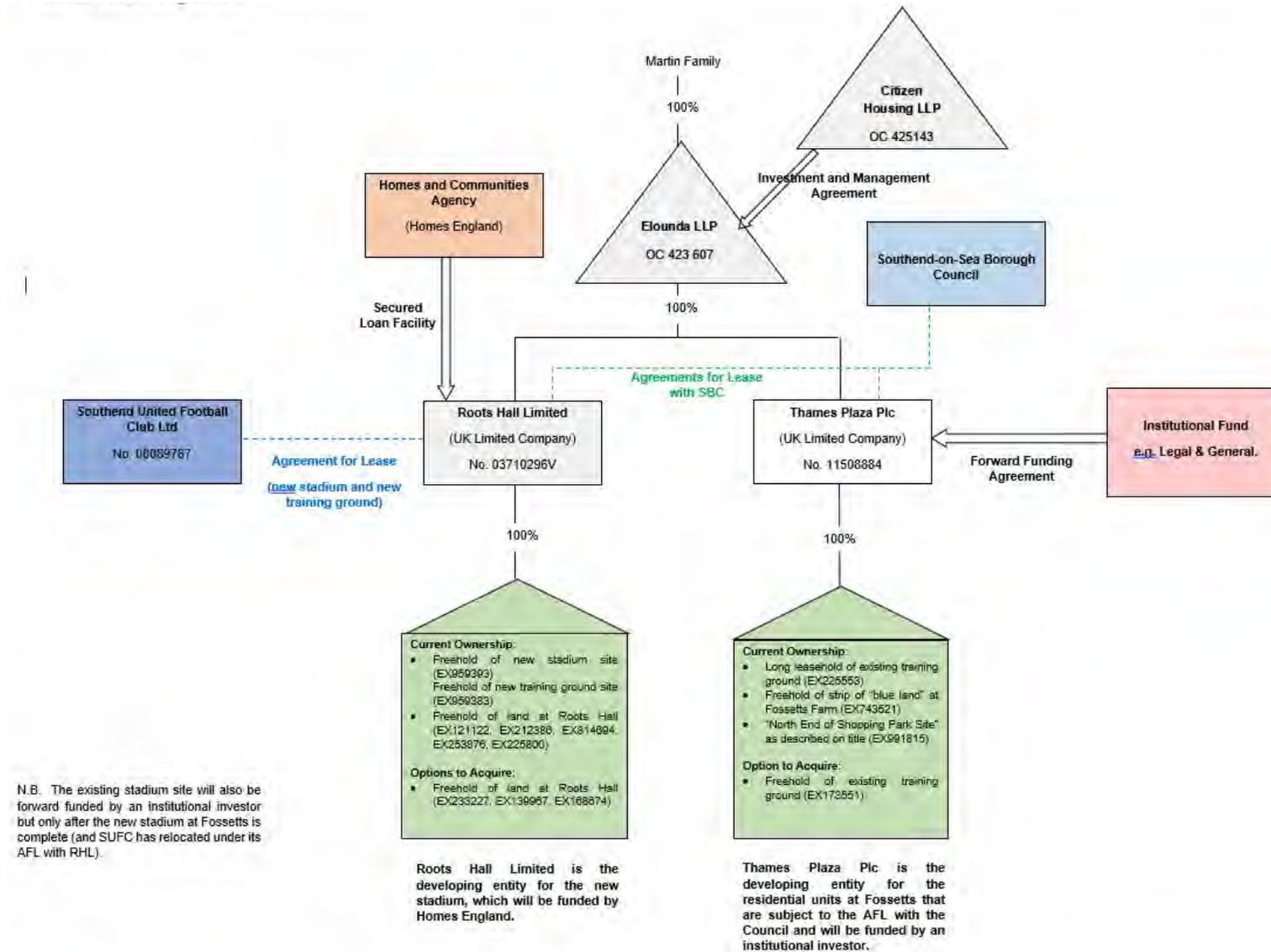
- **Step 2** – Build contract (or build contracts if the works are split into separate contracts) for the new training ground (comprising four pitches and players' car park) is signed.
- **Step 3** – The new training ground reaches practical completion making the New Training Ground AFL go unconditional, obligating SUFC to relocate and thus achieving vacant possession of the land required to deliver Fossetts Phase 1.
- **Step 4** – A build contract (or build contracts if the works are split into separate contracts) is signed for Stadium Phase 1. The total development cost of the new stadium is forecast to be in the region of £35m, including professional fees and s.106 obligations.
- **Step 5** – A build contract for Fossetts Phase 1 is signed immediately after the build contract for Stadium Phase 1, satisfying the final condition under the forward funding agreement for Fossetts Phase 1. The Fund completes on the forward funding, advancing a Land Payment to Thames Plaza, which is forecast to be in the region of £50m. This Land Payment is swept into the Recycling Account over which Homes England have security.
- **Step 6** – £35m of the Land Payment held in the Recycling Account is drawn to fund the development cost of the new stadium against monthly invoices. The £15m of surplus proceeds are used to redeem, in part, the Homes England loan, meaning the outstanding Homes England loan secured against the new stadium and all other land interests at both Fossetts and Roots Hall will stand at £15m.
- **Step 7** – Stadium Phase 1 completes triggering the Stadium Phase 1 AFL to go unconditional, obligating SUFC to relocate from Roots Hall to the first phase of the new stadium at Fossetts. Vacant possession of Roots Hall is achieved.
- **Step 8** – A build contract for the residential at Roots Hall is signed satisfying the final condition under the forward funding agreement for Roots Hall. The Fund completes on the forward funding advancing a land payment to RHL, forecast to be in the region of £18m. This land payment is used to repay the Homes England loan in full.

20. A high level cashflow that illustrates the anticipated flow of funds can be found at **Appendix 2**.
21. It is critically important to note that there can be no restriction upon occupation of the residential units at Fossetts Phase 1 by linking this part of the site to areas outside of the Fund's control (for example, the development of the new stadium). The nature of the funding institution, anticipated to be an annuity investor with highly constrained investment parameters, will not accept step in rights over part of the site that it is not directly funding.
22. The funding lines between Stadium Phase 1 and Fossetts Phase 1 must therefore be discrete to enable each element to be funded and delivered.
23. We have agreed that the s.106 agreement will require a build contract for Stadium Phase 1 to be signed prior to any above ground development of the residential phases at Fossetts. Therefore:
  - The delivery of Stadium Phase 1 (i.e. by signing a build contract) enables Fossetts Phase 1 to be constructed.and equally:
  - The delivery of Fossetts Phase 1 enables Stadium Phase 1 to be constructed (i.e. by generating the required sale proceeds to pay for it, alongside the Homes England loan).

30<sup>th</sup> September 2021

24. Note that there will be a limit specifying that development shall not commence on any more than 850 residential dwellings until Stadium Phase 1 is practically complete and operational for the hosting of professional football matches. This means that over 55% of the residential units across both sites cannot be delivered until the Stadium Phase 1 is complete, meaning that there is a strong commercial incentive to deliver the Stadium Phase 1 *as soon as possible*.
25. Lastly, Homes England will only take security over the land-owning companies (and not the shares in SUFC). The sale of Roots Hall must therefore be conditional upon Stadium Phase 1 being practically complete and operational for the hosting of professional football matches, but not conditional upon SUFC taking occupation, as this is outside of Homes England's control as funder (albeit in both practical and contractual terms, SUFC will relocate to the new stadium as soon as possible).

Appendix 1 – Structure Chart



30<sup>th</sup> September 2021

## Appendix 2 – High Level Cashflow

Qtr	Total	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24							
Qtr No		1	2	3	4	5	6	7	8							
<b>Programme</b>																
Enabling works including delivery of new training ground																
Development of Stadium Phase 1																
Sale of Fossetts Phase 1 under Forward Funding																
Vacant Possession of Roots Hall achieved																
Sale of Roots Hall under Forward Funding																
<b>Development Costs / Sales Proceeds</b>																
Residential Enabling Costs	-£30,000,000	-£30,000,000														
Stadium Phase 1 Development Cashflow	-£35,000,000			-£7,000,000	-£7,000,000	-£7,000,000	-£7,000,000	-£7,000,000								
Fossetts Phase 1 Sale (under Forward Funding)	£50,000,000			£50,000,000												
Roots Hall Land Sale (under Forward Funding)	£18,000,000								£18,000,000							
<b>Homes England Loan Facility</b>																
<b>Homes England Recycling Account</b>																
Recycling Account Opening Balance		£	-	£	-	£	28,000,000	£	21,000,000	£	14,000,000	£	7,000,000	£	-	
Recycling Account Funds Deposited	£50,000,000	£	-	£	50,000,000	£	-	£	-	£	-	£	-	£	-	
Recycling Account Funds Released to pay for Stadium Phase 1	£35,000,000	£	-	£	7,000,000	£	7,000,000	£	7,000,000	£	7,000,000	£	7,000,000	£	-	
Recycling Account Funds Released to repay Homes England Loan	£15,000,000			£	15,000,000											
Recycling Account Closing Balance				£	28,000,000	£	21,000,000	£	14,000,000	£	7,000,000	£	-	£	-	
Opening Balance		£	30,300,000	£	30,754,500	£	16,215,818	£	16,459,055	£	16,705,941	£	16,956,530	£	17,210,878	
Arrangement Fee	1%	£300,000		£	300,000											
Interest Due	6%	£2,169,041		£	454,500	£	461,318	£	243,237	£	246,886	£	250,589	£	254,348	
Interest Paid		£0														
Interest Accrued		£2,169,041		£	454,500	£	461,318	£	243,237	£	246,886	£	250,589	£	254,348	
Homes England Loan Drawdown		£30,000,000		£	30,000,000											
Loan Repayment		£32,469,041			£	15,000,000									£	
Closing Balance			£	30,300,000	£	30,754,500	£	16,215,818	£	16,459,055	£	16,705,941	£	16,956,530	£	17,210,878