

	<b>Variation</b>	<b>Current Development Agreement Provision</b>	<b>Post Variation position</b>	<b>Risks and Mitigation</b>
1.	<p>The Funding Agreement between British Land Plc and Stanhope Plc to be exchanged conditionally, subject to the Council confirming that it is satisfied with the revised funding terms.</p> <p>The revised Funding Agreement changes the funding yield between British Land Plc and Stanhope Plc.</p>	British Land Plc has agreed to fund the Stanhope Plc scheme based upon a funding yield equating to 6.5%.	British Land Plc and Stanhope Plc have now agreed that the yield within the funding structure will change to 6.3%, a worsening of the position from Stanhope's point of view by 0.2%.	<ul style="list-style-type: none"> <li>• The risk of procurement challenge is addressed by the proposed structure of the documentation suggested by Pinsent Masons.</li> <li>• The general economic climate has continued to worsen throughout this negotiation. However, this variation represents the final obstacle, meaning that there can be no further variations sought from the Council in return for the Agreement becoming unconditional. As a consequence of the 0.2% yield change, the payments by British Land Plc to Stanhope Plc will reduce by £3m. By agreeing to this variation, the Council is agreeing to accept a waiver of £500k from the consideration payable to it by Stanhope Plc.</li> <li>• Montagu Evans confirm that this deal continues to represent the best obtainable outcome for the public interest at this time with regard to the price and other conditions achieved.</li> <li>• Stanhope Plc have confirmed that the deal offered by British Land Plc represents the most</li> </ul>

				<p>favourable terms available in the market.</p> <ul style="list-style-type: none"> <li>As a consequence of this variation, Stanhope Plc will confirm that it is satisfied with the condition of the site and its ability to meet the remediation costs.</li> </ul>
2.	Reduction in the number of pre-lets required by British Land Plc in the Funding Agreement.	Stanhope Plc must achieve pre-lets to six named tenants in order to satisfy the terms of the Funding Agreement with British Land Plc.	Stanhope Plc must achieve pre-lets to five named tenants in order to satisfy the terms of the Funding Agreement with British Land Plc.	<ul style="list-style-type: none"> <li>The Development Agreement between the Council and Stanhope Plc requires Stanhope Plc to achieve pre-let by 40% of the total estimated rental value of the scheme and 50% of the total floor space of the scheme. Stanhope Plc has already satisfied these thresholds and has contractually secured 46% pre-lets by value and 62% by scheme floor space.</li> <li>The reduction of the number of required pre-lets from six to five in the Funding Agreement means that Stanhope Plc has satisfied the pre-let conditions within both the Development Agreement and the Funding Agreement, thus allowing the contract to become unconditional.</li> </ul>