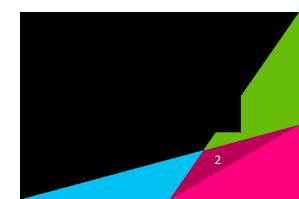
Implications of the EU referendum result

LLDC Investment Committee Informal Briefing 12 July 2016

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Purpose

- To review activity across LLDC's business and consider potential impact of the referendum outcome
- Assess if there is anything we should
 - Stop
 - Start
 - Delay
 - Accelerate

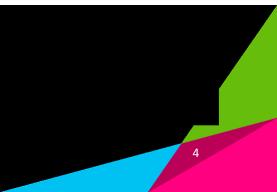


LLDC'S business

- Invest in developing the Park's potential for regeneration through:
 - GLA existing and future borrowings
 - Philanthropy
 - Private inward investment to develop the Park and repay GLA borrowings
 - Attracting further investment through seed funding for regeneration programmes and schools/community infrastructure
- Construction programme CED, Hackney Wick Station, s106 infrastructure
- Ensure arrangements in place for managing the park/venues to develop a financially sustainable Park in the long term
- Though its Planning Policy and Decisions Team deliver through an Mayors London Plan and LLDCs Local Plan
- Ensure regeneration benefits flow through to the local communit possible, eg: through working with employers, developers, contra boroughs to help secure long term employment and investment

Potential referendum outcome impacts (general)

- Prolonged market uncertainty
- Exchange rate volatility
- Recession in UK and wider EU
- Asset price deflation (particularly London high end residential and commercial/ office)
- Reduced market liquidity
- Increase in UK's and GLA's cost of money
- Labour market impact constrained in the long term, loss of confidence in the short term
- Impact on University funding (CED partners) foreign students a
- Movement of infrastructure funding focus to Northern Powerhou

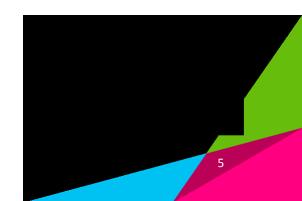


How long :

2 to 5 years or longer, with a great deal of uncertainty

- New Prime Minister Autumn 2016
- Autumn Statement Oct/Nov 2016
- Article 50 January 2017?
- Negotiation up to 2 years?

Potential recession duration is uncertain



Potential referendum outcome risks (LLDC)

Development Receipts	Construction Projects	CED	Park	Planning	10 Year Plan
 Continued uncertainty likely to exacerbate developer concerns about profitability and delay investment As will lack of liquidity / higher financing costs Supplier impact – share price / debt covenants/financing Reduced risk appetite in property sector Potential delay / reduced receipts from residential => CED, GLA loan repayment and lottery 	 Reduced TPI offset by skilled supply shortages and higher cost of materials (applies to all construction activity) 	 Development receipts – particularly residential high end TPI vs labour shortages and materials costs Philanthropic fundraising impact – in particular unlikely to deliver but also general impact on philanthropy Need to understand impact on partners 	 Impact of recession on visitor numbers – local, national down? Weak fx rate - international visitors up? Supplier impact EFM Orbit Energy Concession Grants / other funding 	 Slow down in developers plans coming forward – impact on CIL /s106 receipts (which fund eg Hackney Wick Station) Higher hurdle on viability will put pressure on affordable housing targets 	

6

Opportunities

 LLDC vehicle for direct investment / self build on development land; potential to consider different deals with developers who may want to retain in house expertise and supply chain

- Potential for increased national infrastructure funding into CED
- LLDC convergence objectives increasingly important given societal divisions

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Actions

- Understand GLA position on cost of money, debt profile
- Understand scale of impact on UCL and UAL and confirm continued CED engagement
- Greater oversight and more transparency in reporting on development partners
- Soft market testing pre procurement for Stratford Waterfront residential
- Consider impact on CED fundraising plan/revised phasing in train
- Confirmation of intent from

• Update 10YP, plus modelling worst case scenarios

