



Brewery Square Development Shari'ah Financing by Bank of London and The Middle East plc

Paul Holland – SNR Denton UK LLP



The Transaction – BLME Press Release

5 September 2011 Bank of London and The Middle East (BLME) signed a construction facility with The Brewery Square Development Company, a partnership between Resolution Property and Waterhouse to finance Phase 2 of Brewery Square, Dorchester; the largest town centre regeneration project in the South West.

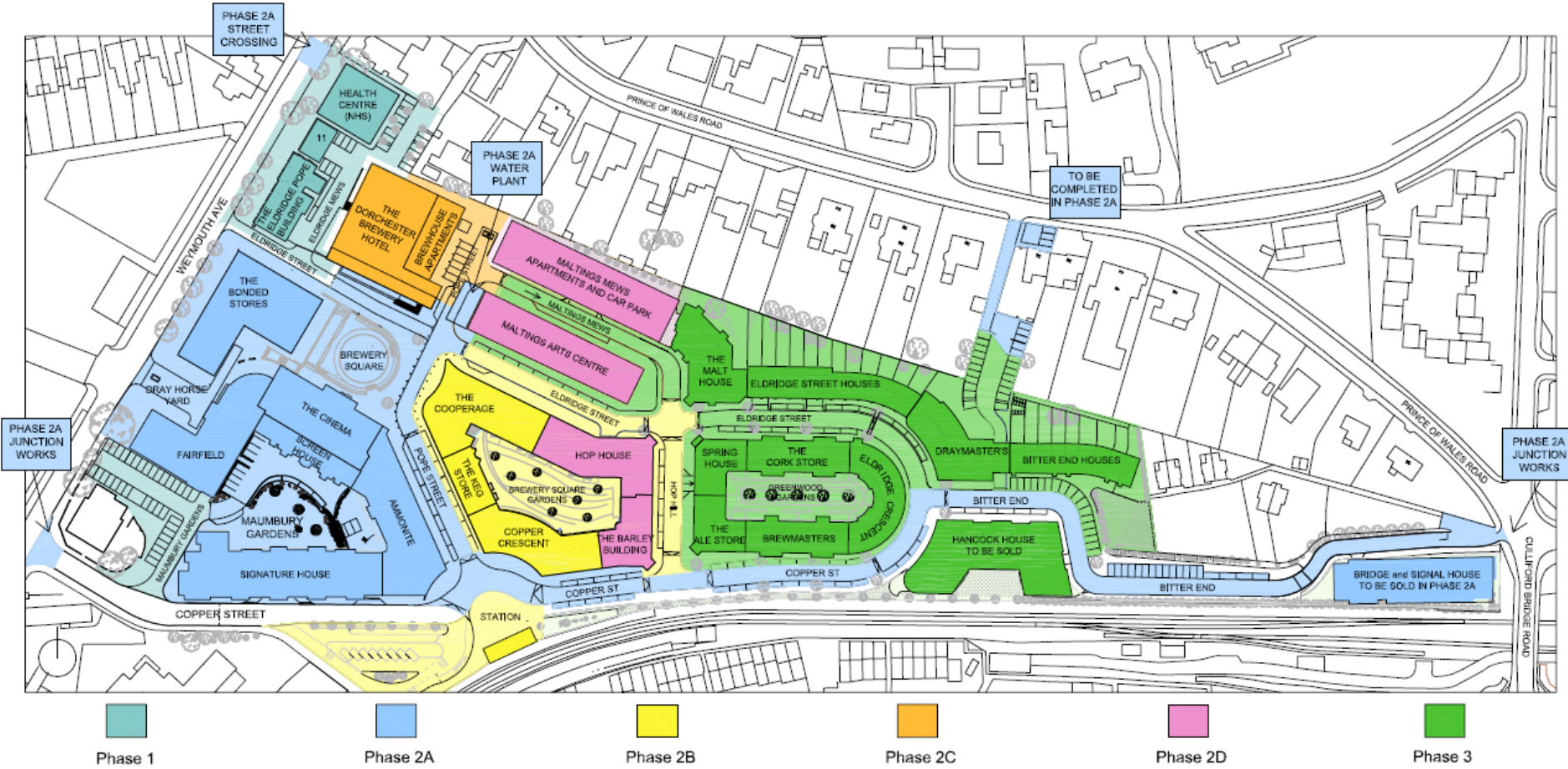
The 11 acre Brewery Square scheme transforms the site of the former Eldridge Pope Brewery, situated between Dorchester's main shopping area of South Street, the historic Fairfield Market and Dorchester South Station, which is on the London Waterloo to Weymouth line. Resolution Property and Waterhouse are regenerating the site in an innovative and environmentally sensitive manner, including the restoration and conversion of four listed buildings.

The development will comprise of 6 phases with Phase 1 already complete. Phase 2 will comprise of 64 residential units and 14 commercial units, some of which have already been pre-let to a number of top-end fashion retailers such as Hobbs and Crew. 75% of the residential properties have been sold off plan.

Overview of Transaction

- ❑ Tawarruq financing
- ❑ Development facility
- ❑ Issues faced included:
 - Shari’ah concerns
 - Intercreditor issues
 - Property law issues

The Development – the long term plan





The stage the Development had reached





Phase 1: Already completed





Existing: The Dorchester Brewery Hotel





Existing: The Maltings

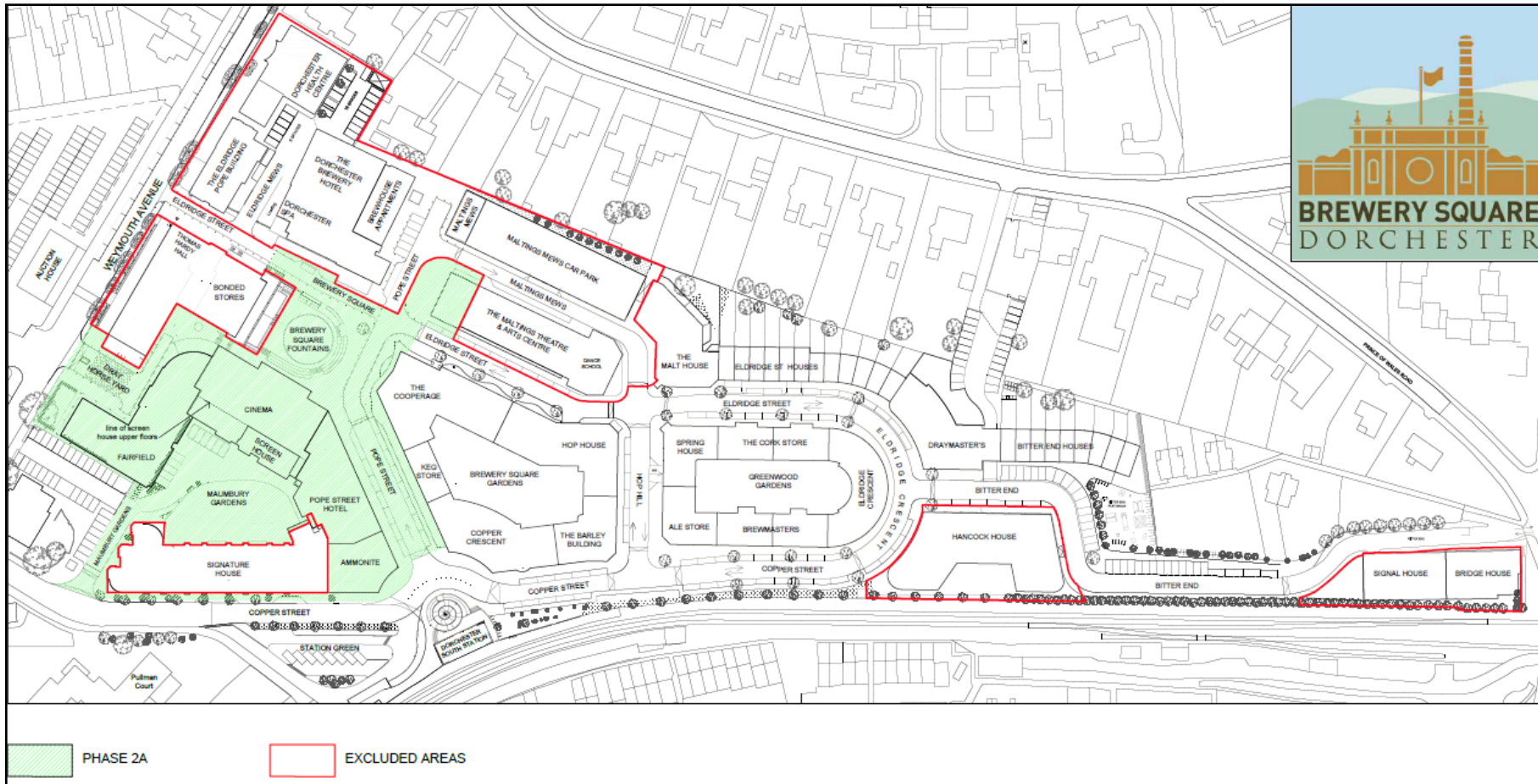




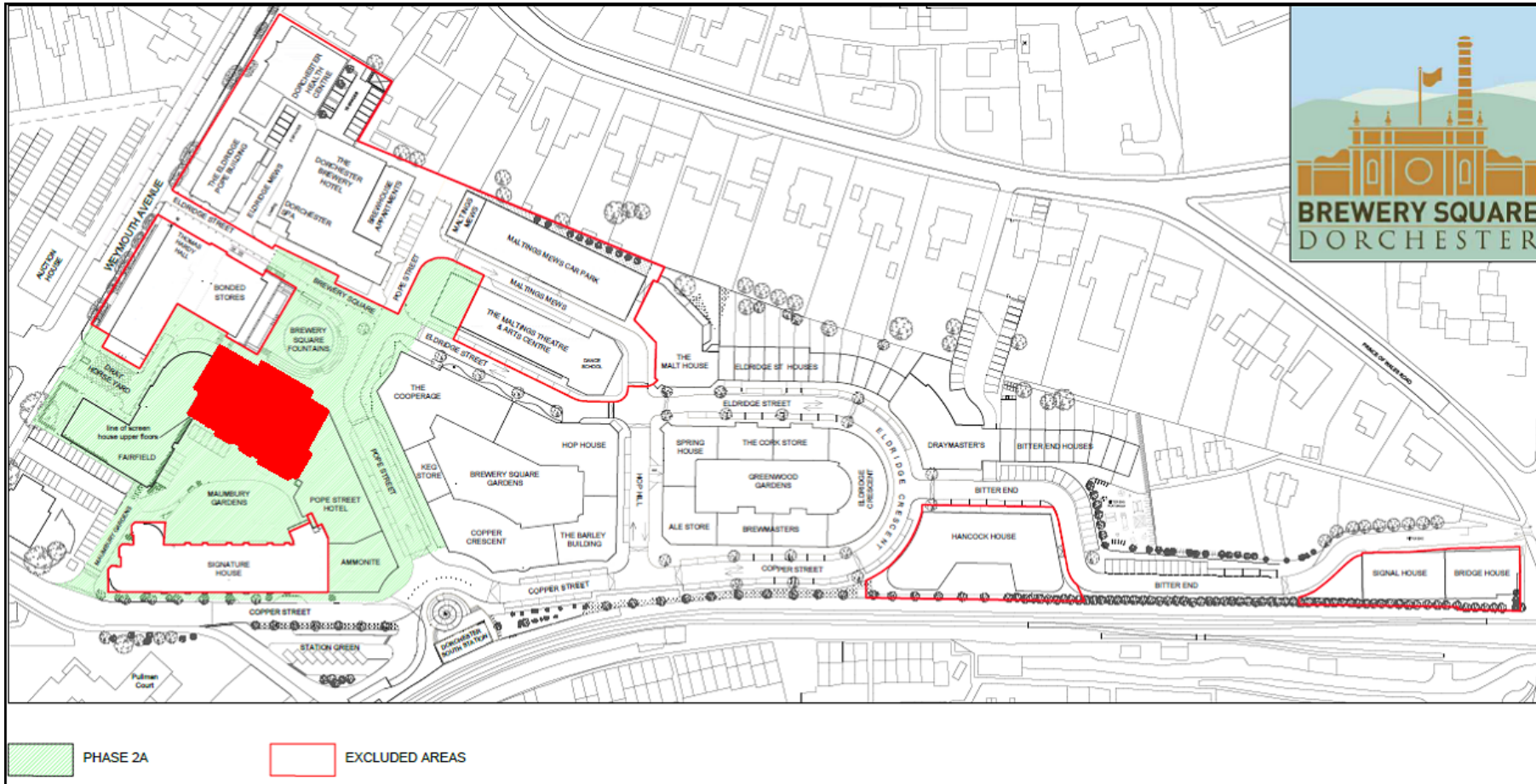
Existing: The Bonded Stores



The areas not charged to the Bank



The Cinema





Upstairs at the Odeon





Upstairs at the Odeon





Cinema Pre-Let: The Flying Box

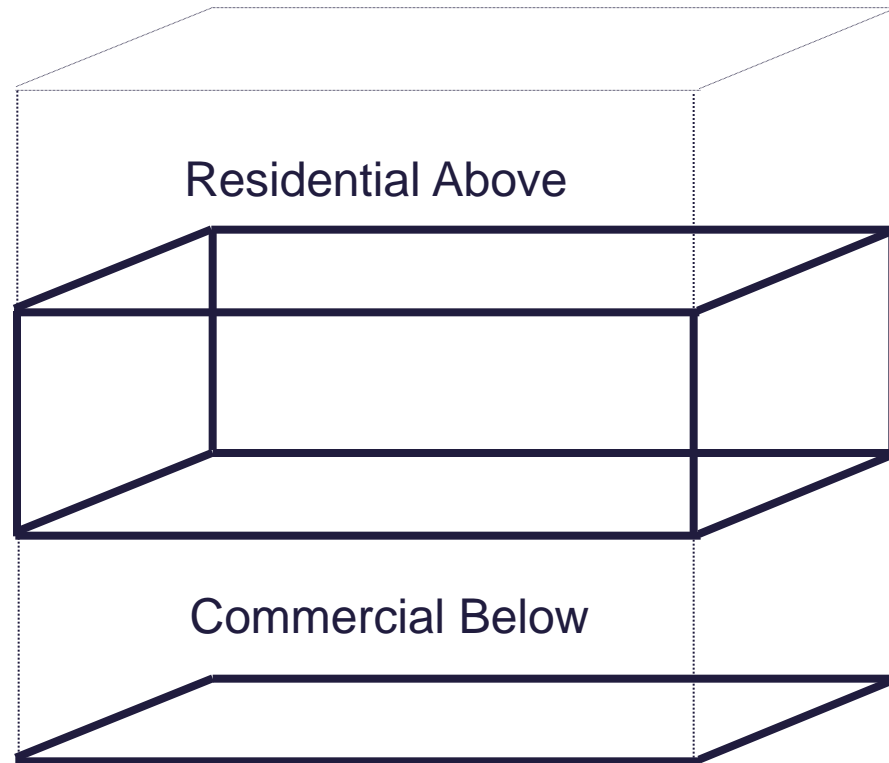
Pre-Let: Residential Buyers

Residential Above

Pre-Let: Odeon Cinemas

Pre-Let: Shop Units

Commercial Below



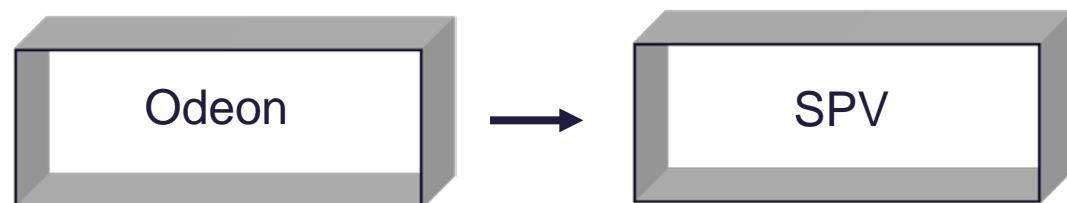


The Transfer of the Flying Box

Obligations owed by Odeon to the Customer under the Pre-Let



Became owed to the SPV owner of the Flying Box



So the Transfer of the Flying Box by the Customer to the SPV owner had to pass back those obligations to the Customer



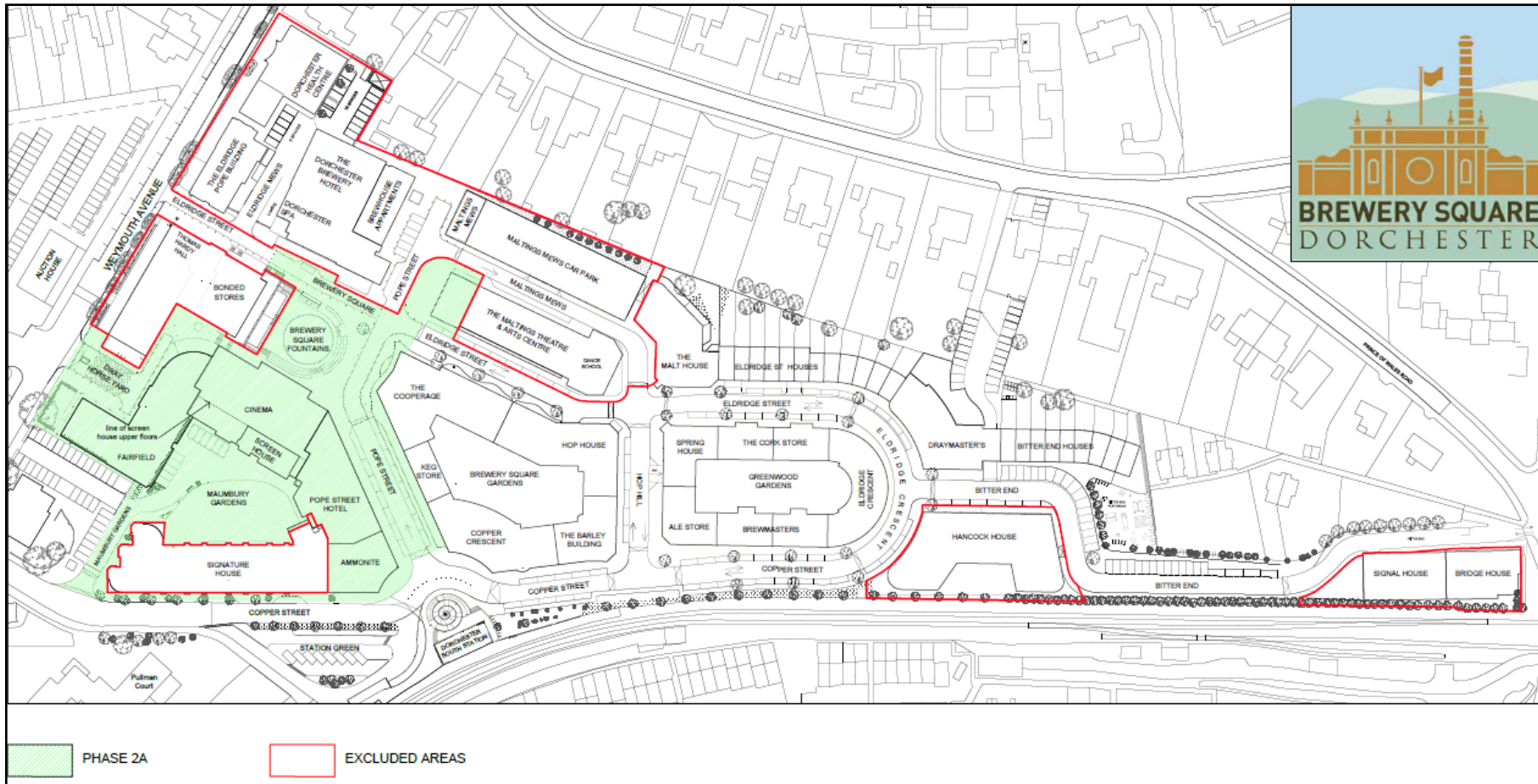


The Transfer of the Flying Box

Other requirements of the Transfer:

- Obligations owed by the Customer to Odeon must be owed by the Customer to the SPV
- The SPV needed all rights over the rest of the site that had been granted to Odeon
- The Flying Box must be subject to the same rights as Odeon are subject

The areas not charged to the Bank





Planning Obligations

- ❑ The need for Mutual Enforceability
- ❑ A variety of alternatives
- ❑ The onerous nature of some of the alternatives
- ❑ The Deed of Covenant
- ❑ The Deed of Grant of Rights



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