RAGLAN FINANCE PLC

(Incorporated in England and Wales with limited liability under the Companies Act 2006, registered number 8190978)

£100,000,000 5.034 per cent. Secured Bonds due 2042

Issue Price: 100 per cent.,
payable as to £50,000,000 on 20th September, 2012 and as to £50,000,000 on 18th December, 2012

The £100,000,000 5.034 per cent. Secured Bonds due 2042 (the **Bonds**) are issued by Raglan Finance plc (the **Issuer**).

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority**) for the Bonds to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange plc (the **London Stock Exchange**) for the Bonds to be admitted to trading on the London Stock Exchange's regulated market. The London Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**).

An investment in the Bonds involves certain risks. For a discussion of these risks see "*Risk Factors*".

Subject as set out below, the net proceeds from the issue of the Bonds, or in the case of £50,000,000 in nominal amount of the Bonds (the **Retained Bonds**) which will be immediately purchased by the Issuer on the Issue Date (as defined below) the net proceeds of the sale of the Bonds to a third party, will be advanced by the Issuer to Raglan Housing Association Limited (the **Original Borrower**) pursuant to a bond loan agreement between the Original Borrower and the Issuer to be dated on or around the Issue Date (the **Raglan Housing Association Loan Agreement**) to be applied in accordance with the Original Borrower's charitable objects. The Funded Commitment (as defined in the Raglan Housing Association Loan Agreement) may be drawn prior to the initial Instalment Redemption Date (as defined below) in one or more drawings, each in a nominal amount up to an amount which corresponds to the sum of (i) the Minimum Value of the Initial Properties (as defined below) and (ii) the Minimum Value of any additional Properties (as defined below) which have been charged in favour of the Issuer and the Security Trustee (the **Additional Properties**) less the nominal amount of all previous drawings in respect of the Funded Commitment. For so long as insufficient security has been granted (or procured to be granted) by the Original Borrower in favour of the Issuer and the Security Trustee to permit the drawing of the Funded Commitment in full or the Original Borrower has not otherwise drawn any part of the Funded Commitment, the amount of the Funded Commitment that remains undrawn shall be retained in a charged account (the **Initial Cash Security Account**) of the Issuer in accordance with the terms of the Account Agreement (and may be invested in Permitted Investments (as defined below)) (the **Retained Proceeds**). For the avoidance of doubt, in the event that the Original Borrower has not drawn any part of the Funded Commitment on the Issue Date, the Retained Proceeds at that date shall be the entire amount of the Funded Commitment. Any Retained Proceeds (including the proceeds of the Final Instalment (as defined below) and any net sale proceeds from a sale by the Issuer of Retained Bonds (less any Retained Bond Premium Amount (as defined below) once received by the Issuer) and any net issue proceeds from a further issue of Bonds pursuant to Condition 19 (*Further Issues*)) shall be advanced to the Original Borrower and/or any other charitable Registered Providers of Social Housing of the Raglan Group that has acceded to the Security Trust Deed as a borrower in accordance with the terms thereto (together, the **Additional Borrowers** and each an **Additional Borrower** and, together with the Original Borrower, the **Borrowers** and each a **Borrower**) at a later date pursuant to the Raglan Housing Association Loan Agreement or an additional bond loan agreement between an Additional Borrower and the Issuer (each an **Additional Loan Agreement** and, together with the Raglan Housing Association Loan Agreement, the **Loan Agreements** and each a **Loan Agreement**), as applicable, to the extent that Properties of a corresponding value have been charged in favour of the Issuer and, if applicable, subject to the receipt of the Final Instalment, the sale by the Issuer of Retained Bonds and/or the issue by the Issuer of further Bonds.

Interest on the Bonds is payable semi-annually in arrear on 20th March and 20th September in each year at the rate of 5.034 per cent. per annum on their Outstanding Principal Amount (as defined below), commencing on 20th March, 2013, as described in Condition 7 (*Interest*). Subject as described in Condition 7 (*Interest*), in respect of the first Interest Payment Date (as defined below) occurring on 20th March, 2013 the Bonds will bear interest of £18.83 in respect of each £1,000 in nominal amount of the Bonds. Payments of principal of, and interest on, the Bonds will be made without withholding or deduction on account of United Kingdom taxes unless required by law. In the event that any such withholding or deduction is so required, the Issuer may opt to gross up payments due to the Bondholders in respect thereof as described in Condition 10 (*Taxation*).

The Bonds may be redeemed at any time after the Final Instalment Payment Date (as defined below) and prior to the Maturity Date (as defined below) upon the prepayment by a Borrower of its loan (each a **Loan**) in whole or in part in accordance with the terms of its Loan Agreement at the higher of their Outstanding Principal Amount and an amount calculated by reference to the yield on the relevant outstanding United Kingdom government benchmark gilt having the nearest maturity date to that of the Bonds, together with accrued interest (or, in respect of a prepayment of a Loan following an event of default thereunder, at their Outstanding Principal Amount, together with accrued interest). The Bonds will also be redeemed (a) at their Outstanding Principal Amount, plus accrued interest, in an aggregate Outstanding Principal Amount equal to the nominal amount outstanding of the relevant Loan in the event of a mandatory prepayment of a Loan following a Loan becoming repayable as a result of a Borrower Default (as defined in each Loan Agreement) or (b) at their Outstanding Principal Amount, plus accrued interest, in full in the event of any withholding or deduction on account of United Kingdom taxes being required and the Issuer not opting to pay (or having so opted to pay has notified the Bond Trustee (as defined below) of its intention to cease to pay) additional amounts in respect of such withholding or deduction. In addition, Bondholders shall have the option to require the Issuer to procure that a member of the Raglan Group purchases its Bonds (or in the case of a Change of Status Bondholder Put Option (as defined below), the Relevant Proportion of Bonds (as defined below)) at their Outstanding Principal Amount, plus accrued interest, subject to and in accordance with Condition 9.5 (*Bondholder Put Options*) following a Borrower Default (as defined below) or a Borrower ceasing to be a Registered Provider of Social Housing for 180 consecutive days.

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their Outstanding Principal Amount in ten equal annual instalments on each Interest Payment Date (as defined below) falling on 20th September in each year from, and including, 20th September, 2033 to, and including, 20th September, 2042 (the **Maturity Date**) (each an **Instalment Redemption Date**).

The Original Borrower has been assigned a credit rating of "Aa2", and it is expected that the Bonds will also be rated "Aa2", by Moody's Investors Service Limited (**Moody's**). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Moody's is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). As such Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.

The Bonds will be issued in denominations of £100,000 and integral multiples of £1,000 in excess thereof.

The Bonds will initially be represented by a temporary global bond (the **Temporary Global Bond**), without principal receipts or interest coupons, which will be deposited on or about 20th September, 2012 (the **Closing Date**) with a common safekeeper for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**). Interests in the Temporary Global Bond will be exchangeable for interests in a permanent global bond (the **Permanent Global Bond** and, together with the Temporary Global Bond, the **Global Bonds**), without principal receipts or interest coupons, on or after 30th October, 2012 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Bond will be exchangeable for definitive Bonds only in certain limited circumstances. See "*Payment by Instalments*" and "*Form of the Bonds and Summary of Provisions relating to the Bonds while in Global Form*".

Arranger
Canaccord Genuity Limited

The date of this Prospectus is 18th September, 2012.

This Prospectus comprises a prospectus for the purposes of Directive 2003/71/EC (the *Prospectus Directive*).

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The figures relating to the Nationwide House Price Index referred to in the risk factor entitled "*Housing Market Downturn Risk*" in the section "*Risk Factors*" were obtained from www.nationwide.co.uk/hpi/. The Issuer confirms that such figures have been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain from information published by Nationwide, no facts have been omitted which would render the reproduced figures inaccurate or misleading.

The Original Borrower accepts responsibility for the information contained in the sections "*Description of the Raglan Group, the Original Borrower and Raglan Homes*" and "*Financial Statements of the Original Borrower*" (other than the information relating to Raglan Homes Limited (*Raglan Homes*)) and, to the best of its knowledge (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Original Borrower also accepts responsibility for the information contained in this Prospectus relating to the security created by the Original Borrower pursuant to the Security Agreement (as defined below) entered into by it and, to the best of its knowledge (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

Raglan Homes accepts responsibility for the information contained in the section "*Description of the Raglan Group, the Original Borrower and Raglan Homes*" relating to it and, to the best of its knowledge (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

Jones Lang LaSalle Limited (the *Valuer*) accepts responsibility for the information contained in the section "*Valuation Report*" and, to the best of its knowledge (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

Save for the Issuer, the Original Borrower, Raglan Homes and the Valuer, no other person has independently verified any information contained herein. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Canaccord Genuity Limited (the *Arranger*) or Prudential Trustee Company Limited (the *Bond Trustee*) as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the offering of the Bonds. Neither the Arranger nor the Bond Trustee accepts any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the issue of the Bonds.

No person is or has been authorised by the Issuer, the Arranger or the Bond Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or the Bond Trustee.

To the fullest extent permitted by law, neither the Arranger nor the Bond Trustee accepts any responsibility for the contents of this Prospectus or for any other statement made or purported to be made by it or on its behalf in connection with the Issuer, the Original Borrower, Raglan Homes or the issue and offering of the Bonds. Each of the Arranger and the Bond Trustee accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement.

Neither this Prospectus nor any other information supplied in connection with the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Arranger or the Bond Trustee that any recipient of this Prospectus or any other information supplied in connection with the Bonds should purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Original Borrower and Raglan Homes. Neither this Prospectus nor any other information supplied in connection with the Bonds constitutes an offer or invitation by or on behalf of the Issuer, the Arranger or the Bond Trustee to any person to subscribe for or to purchase the Bonds.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the *Securities Act*) and are subject to U.S. tax law requirements. Subject to certain exceptions, Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "*Subscription and Sale*").

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. The Issuer, the Arranger and the Bond Trustee do not represent that this Prospectus may be lawfully distributed, or that any Bonds may be lawfully offered or sold, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger or the Bond Trustee which is intended to permit a public offering of any Bonds or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Bonds. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Bonds in the United States and the United Kingdom (see "*Subscription and Sale*").

Prospective purchasers of Bonds should ensure that they understand the nature of the Bonds and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, accounting and financial evaluation of the merits and the risks of investment in the Bonds and that they consider the suitability of the Bonds as an investment in light of their own circumstances and financial condition.

All references in this Prospectus to *Sterling* and *£* refer to pounds sterling.

CONTENTS

Clause **Page**

OVERVIEW

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus.

This overview must be read as an introduction to this Prospectus and any decision to invest in the Bonds should be based on a consideration of this Prospectus as a whole.

Words and expressions defined in "*Form of the Bonds and Summary of Provisions relating to the Bonds while in Global Form*", "*Terms and Conditions of the Bonds*" and "*Description of the Loan Agreements*" shall have the same meanings in this overview.

Issuer:	Raglan Finance plc
Description of the Bonds:	£100,000,000 5.034 per cent. Secured Bonds due 2042 (the **Bonds**), to be issued by the Issuer on 20th September, 2012 (the **Issue Date**). £50,000,000 in nominal amount of the Bonds will be immediately purchased by or on behalf of the Issuer on the Issue Date (the **Retained Bonds**).
Issue Price:	100 per cent. The issue price in respect of the Bonds will be payable in two instalments as follows: (a) £500 of each £1,000 in nominal amount of the Bonds is due on the Issue Date; and (b) £500 of each £1,000 in nominal amount of the Bonds is due on 18th December, 2012 (the **Final Instalment Payment Date**). Should any Bondholder fail to pay the full amount owing by it on the Final Instalment Payment Date, then (i) such Bondholder's position in respect of its Bonds will be blocked in accordance with the procedures of Euroclear or Clearstream, Luxembourg, as the case may be, until such amount is paid in full, and/or further notice from the Principal Paying Agent, which will result in such Bondholder being unable to trade its Bonds and (ii) the Issuer may at any time after such failure elect to forfeit all or any of the Bonds in respect of which such amount has not been duly paid, whereupon the Issuer shall be entitled to retain any amount(s) already paid to it under such Bonds and shall be discharged from any obligation to repay such amount(s) or to pay interest thereon, but shall have no other rights against any Bondholder whose Bonds have been so forfeited. Any forfeited Bonds shall be cancelled. For the avoidance of doubt, in respect of any Retained Bonds which are held by or on behalf of the Issuer as at the Final Instalment Payment Date, both instalments of the issue price

	shall have been deemed to have been paid on the due dates thereof.
Use of Proceeds:	The net proceeds of the issue of the Bonds (or, in the case of the Retained Bonds, the net proceeds of the sale of the Bonds to a third party (after deduction of expenses payable by the Issuer)) will be on-lent by the Issuer to the Original Borrower or (to the extent that the Original Borrower has reduced the Original Raglan Housing Association Commitment) to an Additional Borrower (which may, without limitation, include Raglan Homes Limited). Subject as described in "*Initial Cash Security Account*" below, the Issuer will lend such proceeds to the Original Borrower and/or one or more Additional Borrowers pursuant to the relevant Loan Agreement to be applied in accordance with the charitable objects of the Original Borrower or such Additional Borrower, as the case may be. The Issuer may from time to time invest the funds held in the Initial Cash Security Account and the Disposal Proceeds Account in Permitted Investments (as defined below) until such time as such funds are on-lent, or returned, to the Borrower pursuant to the relevant Loan Agreement.
Form of Bonds:	The Bonds will be issued in bearer form as described in "*Form of the Bonds and Summary of Provisions relating to the Bonds while in Global Form*".
Interest:	The Bonds will bear interest on their Outstanding Principal Amount at a fixed rate of 5.034 per cent. per annum payable semi-annually in arrear on 20th March and 20th September of each year, from (and including) the Issue Date to (but excluding) 20th September, 2042 (the **Maturity Date**), subject to adjustment in accordance with Condition 8.5 (*Payment Day*) (each, an **Interest Payment Date**). Subject to Condition 7 (*Interest*), in respect of the first Interest Payment Date occurring on 20th March, 2013 the Bonds will bear interest of £18.83 in respect of each £1,000 in nominal amount of the Bonds.
Instalment Redemption:	Unless previously redeemed or purchased and cancelled in accordance with Condition 9 (*Redemption and Purchase*), the Bonds (assuming that they are fully paid up) will be redeemed in ten equal annual instalments on each Interest Payment Date falling on 20th September in each year from, and including, 20th September, 2033 to, and including, 20th September, 2042 (the **Maturity Date**) (each, an **Instalment Redemption Date**).
Early Redemption:	Subject as described in "*Mandatory Early Redemption*" below, the Bonds may be redeemed at any time after the Final Instalment Payment Date and prior to the Maturity Date upon the optional prepayment by a Borrower of its loan (each a

Loan) in accordance with the terms of the relevant Loan Agreement at the higher of their Outstanding Principal Amount and an amount calculated by reference to the yield on the relevant outstanding UK Government benchmark conventional gilt having the nearest maturity date to that of the Bonds, together with accrued interest.

Early Redemption for Tax Reasons: The Issuer shall redeem the Bonds in whole, but not in part, at their Outstanding Principal Amount, together with any interest accrued, if, as a result of any actual or proposed change in tax law, the Issuer determines that it would be required to make a withholding or deduction on account of tax in respect of payments to be made by it in respect of the Bonds and the Issuer does not opt to pay additional amounts pursuant to Condition 10.2 (*No obligation to pay additional amounts*) or, having so opted, notifies the Bond Trustee of its intention to cease paying such additional amounts.

Mandatory Early Redemption: If a Loan becomes repayable as a result of a Borrower Default the Bonds shall be redeemed at their Outstanding Principal Amount, plus accrued interest, in an aggregate Outstanding Principal Amount equal to the nominal amount of the relevant Loan.

A **Borrower Default** includes non-payment, breach of other obligations, cross-acceleration, winding-up, cessation of business, insolvency, unlawfulness and breach of the asset cover ratio, in each case as set out in Clause 14 (*Borrower Default*) of each Loan Agreement (or as will be set out in the corresponding clause of each Additional Loan Agreement) and described further in "*Description of the Loan Agreements*".

Bondholder Put Options: *Change of Borrower Status*

The Issuer shall notify the Bondholders in accordance with Condition 15 (*Notices*) promptly upon a Borrower ceasing to be a Registered Provider of Social Housing for a period of 180 consecutive days. Any Bondholder shall have the option (the **Change of Status Bondholder Put Option**), within 30 days of such notice, to give an irrevocable notice to the Issuer requiring the Issuer to procure that a member of the Raglan Group purchases on the Change of Status Put Option Date the Relevant Proportion of Bonds, except that (i) where the Relevant Proportion of Bonds exceeds 95 per cent. the Issuer shall procure that a member of the Raglan Group purchases all the Bonds owned by such Bondholder on the Change of Status Put Option Date and (ii) subject to (i) above, where the Relevant Proportion of Bonds equates to a nominal amount of Bonds that is not a multiple of £100,000, the nominal amount of the Bonds subject to the Change of Status Bondholder Put Option will be rounded down to the nearest £100,000 in nominal amount.

On the Change of Status Put Option Date, the Issuer shall procure that a member of the Raglan Group purchases the Relevant Proportion of Bonds in respect of which the relevant Bondholders have exercised the Change of Status Bondholder Put Option (as adjusted pursuant to (i) and/or (ii) above), at their Outstanding Principal Amount plus an amount equal to accrued interest to (but excluding) the Change of Status Put Option Date.

Subject to (ii) above, the Change of Status Bondholder Put Option may not be exercised in respect of part only of the Relevant Proportion of Bonds.

Borrower Default

Any Bondholder shall have the option (the **Borrower Default Bondholder Put Option**) to give an irrevocable notice to the Issuer requiring the Issuer to procure that a member of the Raglan Group purchases, on the Borrower Default Put Option Date, all of the Bondholder's remaining Bonds.

On the Borrower Default Put Option Date, the Issuer shall procure that a member of the Raglan Group purchases all Bonds of each Bondholder which has exercised the Borrower Default Bondholder Put Option, at their Outstanding Principal Amount plus an amount equal to accrued interest to (but excluding) the Borrower Default Put Option Date.

Purchase: The Retained Bonds will be immediately purchased by the Issuer on the Issue Date.

The Issuer and any Borrower or Eligible Group Member may also purchase Bonds at any time in the open market or otherwise at any price.

Any Bonds so purchased by a Borrower or an Eligible Group Member may be surrendered to the Issuer for cancellation in consideration for an amount equal to the Outstanding Principal Amount of the Bonds being surrendered being deemed to be prepaid under the Loan Agreement specified by such Borrower or Eligible Group Member or, to the extent that the relevant Loan is not then outstanding, an amount of the Undrawn Commitment (as defined below) in respect of such Loan Agreement equal to the Outstanding Balance of the Bonds surrendered being deemed to be cancelled.

Retained Bonds: Pursuant to the terms of the Retained Bond Custody Agreement, the Retained Bond Custodian will hold the Retained Bonds on the Issuer's behalf (see "*Account Agreement, Custody Agreement and Retained Bond Custody Agreement*" below), and the Issuer has instructed the Retained Bond Custodian to waive its rights to receive payments (of interest, principal or otherwise) on the Retained Bonds for so long as the Retained Bonds are held on the Issuer's behalf. Such waiver may not be revoked without the consent of the

Bond Trustee.

Pursuant to the Bond Trust Deed, the Issuer has covenanted with the Bond Trustee that it will, immediately prior to a sale of any Retained Bonds by the Issuer, deliver to the Bond Trustee a certificate in writing signed by two directors of the Issuer addressed to the Bond Trustee confirming that, immediately following the sale of such Retained Bonds, the Borrower will be in compliance with the Asset Cover Test. For the purpose of giving such confirmation, the Issuer will require the Borrower to deliver a Retained Bond Compliance Certificate pursuant to the Loan Agreement, as described further in "*Description of the Loan Agreements*".

The Retained Bonds may only be held on the Issuer's behalf until (but not including) the date falling four years after the Issue Date, and the Issuer must therefore sell the Retained Bonds within that four-year period, or else any Retained Bonds that have not been so sold will be cancelled in accordance with Condition 9.10 (*Cancellation of purchased or redeemed Bonds*).

Events of Default:

Following an Event of Default, the Bond Trustee may, and if so requested by the holders of at least one-fourth in Outstanding Principal Amount of the Bonds then outstanding shall (subject to it being secured and/or indemnified and/or pre-funded to its satisfaction and, upon certain events, the Bond Trustee having certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Bondholders), give notice to the Issuer and the Bonds shall become immediately due and repayable.

The Events of Default include, *inter alia*, non-payment of any principal and interest due in respect of the Bonds, failure of the Issuer to perform or observe any of its other obligations under the Conditions and the Bond Trust Deed, insolvency, unlawfulness and acceleration, or non-payment, in respect of other indebtedness in an aggregate amount equal to or in excess of £10,000,000 (or its equivalent).

Upon the Bonds becoming repayable prior to the Maturity Date (other than as a result of a prepayment or termination of a Loan Agreement), each Borrower is required to prepay its Loan in full together with accrued interest and commitment fee to and including the date of redemption. Each Borrower is also required to pay to the Issuer, within three Business Days of demand, its *pro rata* share of the Issuer's reasonable costs, expenses and liabilities throughout the life of the Bonds.

Issuer Security:

The Issuer's obligations in respect of the Bonds are secured pursuant to the Bond Trust Deed in favour of the Bond Trustee for the benefit of itself and the Bondholders and the other Secured Parties by the following (the **Issuer Security**):

(a) an assignment by way of security of the Issuer's rights, title and interest arising under each Loan Agreement, the Security Agreements, the Security Trust Deed, the Agency Agreement, the Account Agreement and the Custody Agreement, in each case to the extent they relate to the Bonds;

(b) a charge by way of first fixed charge over all moneys and/or securities from time to time standing to the credit of the Transaction Account, the Disposal Proceeds Account, the Initial Cash Security Account and the Custody Account and all debts represented thereby; and

(c) a charge by way of first fixed charge over all sums held from time to time by the Paying Agents for the payment of principal or interest in respect of the Bonds.

Initial Cash Security Account: For so long as insufficient security has been granted (or procured to be granted) by the Borrowers in favour of the Issuer to permit the drawing of the Funded Commitments in full or the Borrowers have not otherwise drawn any part of one or more of the Funded Commitments, the amount of the Funded Commitments that remain undrawn shall be retained in a charged account (the **Initial Cash Security Account**) of the Issuer (and may be invested in Permitted Investments) in accordance with the terms of the Account Agreement and the Custody Agreement (the **Retained Proceeds**).

For the avoidance of doubt, in the event that the Original Borrower has not drawn any part of the Original Raglan Housing Association Commitment on the Issue Date, the Retained Proceeds at that date shall be the entire amount of the Original Raglan Housing Association Commitment (less the amount representing the aggregate of the Final Instalments and any amount which is to be funded by a sale of Retained Bonds). Any Retained Proceeds shall be advanced to one or more Borrowers at a later date pursuant to the relevant Loan Agreement to the extent that Properties of a corresponding value have been charged in favour of the Issuer and, if applicable, subject to receipt of the Final Instalment and/or the sale by the Issuer of Retained Bonds.

Funds standing to the credit of the Initial Cash Security Account may: (a) be held on deposit, in which case it shall accrue interest at a rate to be agreed from time to time between the Issuer and the Account Bank pursuant to the Account Agreement or (b) be invested in Permitted Investments in accordance with the Custody Agreement. See "*Permitted Investments*" below.

Pursuant to the Loan Agreements, each Borrower shall pay to the Issuer a commitment fee in respect of its Undrawn Commitment on each Loan Payment Date in an amount equal to its *pro rata* share of (a) the aggregate of the interest payable by the Issuer under the Bonds on the following Interest Payment Date less (b) the aggregate amount of interest received from the Borrowers under the Loan Agreements on such Loan Payment Date and the interest otherwise received by the Issuer in respect of the Retained Proceeds during that period (including, but not limited to, any income received in respect of any Permitted Investments in which any Retained Proceeds are, for the time being, invested).

See "*Description of the Loan Agreements*" below.

Disposal Proceeds Account: Pursuant to the Loan Agreements, each Borrower is (or will be) required to procure that the specified asset cover ratio is maintained (see "*Description of the Loan Agreements*" below). In the event that the value of any Charged Property is insufficient to maintain the relevant asset cover ratio, the Borrowers may deposit moneys into the Disposal Proceeds Account. Such moneys will be charged in favour of the Bond Trustee pursuant to the terms of the Bond Trust Deed.

Funds standing to the credit of the Disposal Proceeds Account may: (a) be held on deposit, in which case it shall accrue interest at a rate to be agreed from time to time between the Issuer and the Account Bank pursuant to the Account Agreement or (b) be invested in Permitted Investments in accordance with the Custody Agreement. See "*Permitted Investments*" below.

Moneys standing to the credit of the Disposal Proceeds Account may be withdrawn (a) to be applied in the acquisition of Property to be charged in favour of the Security Trustee for the benefit of the Issuer or (b) to the extent that the relevant asset cover ratio would not be breached immediately after such withdrawal.

Permitted Investments: Permitted Investments shall consist of:

(a) deposits with any United Kingdom bank or building society subject to such bank or building society having two or more long term senior unsecured debt credit ratings of not less than "A" from Standard & Poor's Ratings Services (**S&P**), "A" from Fitch Ratings Ltd (**Fitch**) and "A2" from Moody's;

(b) deposits with any non-United Kingdom bank subject to such bank having a long term senior unsecured debt credit rating of not less than "AA" from S&P and "Aa2" from Moody's;

(c) full recourse debt instruments with a maturity no later than the earlier of (i) the date falling 5 years after the date of purchase and (ii) 20th September, 2042 that are issued by EU credit institutions having a long term senior unsecured debt credit rating of not less than "AAA" from S&P and "Aaa" from Moody's that are fully secured or "covered" by a pool of on-balance sheet collateral;

(d) money market funds having a long term senior unsecured debt credit rating of not less than "AAAm" from S&P, "Aaa-mf" from Moody's and "AAAmmf" from Fitch;

(e) securities with a maturity no later than the earlier of (i) the date falling 5 years after the date of purchase and (ii) 20th September, 2042 that are issued by any United Kingdom local authority or public body having a long term senior unsecured debt credit rating of not less than "AA" from S&P and "Aa2" from Moody's; and

(f) direct obligations of the United Kingdom or of any agency or instrumentality of the United Kingdom which are guaranteed by the United Kingdom with a maturity no later than the earlier of (i) the date falling 5 years after the date of purchase and (ii) 20th September, 2042,

provided that (i) in all cases, such investment shall be an investment which is denominated in Sterling and (ii) in the case of (a) to (e) above, no more than £20,000,000 shall be deposited with any one institution or invested in any one security.

In the event that any Permitted Investments are sold to fund a drawing by a Borrower pursuant to a Loan Agreement and such sale results in a loss realised by the Issuer, such drawing to be made by the Issuer to such Borrower pursuant to such Loan Agreement shall be advanced at a discount in an amount equal to the Actual Advance Amount (as defined in each Loan Agreement).

In the event that any Permitted Investments are sold to fund an advance to a Borrower pursuant to a Loan Agreement and such sale results in a gain realised by the Issuer (such gain, the **Permitted Investment Profit**), the Issuer shall advance monies to such Borrower at the nominal amount requested and shall make a gift aid payment to a charitable member of the Raglan Group which is connected with the Original Borrower for the purposes of section 939G of the Corporation Tax Act 2010 (a **Charitable Group Member**) in an amount equal to the Permitted Investment Profit.

Immediately prior to the end of each accounting period, to the extent that the Issuer would otherwise be required to recognise a profit for tax purposes in respect of its Permitted Investments and/or Retained Bonds as a result of the movement in the fair value recognised in its accounts of such Permitted Investments and/or Retained Bonds for that accounting period, the Issuer shall sell Permitted Investments in an aggregate amount equal to the Accounting Profit (as defined in each Loan Agreement) and shall, in the same accounting period, make a gift aid payment to any Charitable Group Member in an amount equal to the Accounting Profit.

See "*Description of the Loan Agreements – Facility*".

Account Agreement, Custody Agreement and Retained Bond Custody Agreement:

The Issuer has appointed The Bank of New York Mellon, London Branch as its Account Bank pursuant to the Account Agreement, its Custodian pursuant to the Custody Agreement and its Retained Bond Custodian in respect of the Retained Bonds pursuant to the Retained Bond Custody Agreement.

Pursuant to the Account Agreement, the Account Bank shall maintain three accounts for the Issuer in respect of the Bonds: the Transaction Account, the Initial Cash Security Account and the Disposal Proceeds Account. Pursuant to the Account Agreement and the Bond Trust Deed, the Issuer has entered into certain covenants in respect of the monies which may be credited to and debited from each Account.

Pursuant to the Custody Agreement, the Custodian shall, subject to receipt of such documents as it may require, open the Custody Account (consisting of the Disposal Proceeds Custody Sub-Account, the Initial Cash Security Custody Sub-Account, the Disposal Proceeds Cash Sub-Account and the Initial Cash Security Cash Sub-Account). The Issuer has authorised the Custodian to make payments and delivery out of the Custody Account only for the purpose of any acquisition or sale of Permitted Investments or as set out therein.

Pursuant to the Retained Bond Custody Agreement, the Retained Bond Custodian shall, subject to receipt of such documents as it may require, open the Retained Bond Custody Account (consisting of the Retained Bond Custody Sub-Account and the Retained Bond Cash Sub-Account). The Retained Bond Custodian has agreed not to effect a transfer of any Retained Bonds except with the prior written consent of the Bond Trustee, and the Issuer has authorised the Retained Bond Custodian to make other payments and delivery out of the Retained Bond Custody Account only as set out therein.

See "*Description of the Account Agreement, the Custody Agreement and the Retained Bond Custody Agreement*" below.

Guarantee and Indemnity:

Pursuant to the Loan Agreements, the Original Borrower has (and each Additional Borrower will have) irrevocably and unconditionally:

(a) guaranteed to the Issuer the punctual performance by each other Borrower of all such Borrowers' obligations under, *inter alia*, their respective Loan Agreements, the Security Trust Deed and their respective Security Agreements, other than each other Borrowers' obligations to repay principal and any prepayment premium thereon pursuant to their respective Loan Agreements (such amounts being, the **Guaranteed Interest and Fee Amounts**);

(b) undertaken with the Issuer that, whenever any other Borrower does not pay any Guaranteed Interest and Fee Amounts when due under, its respective Loan Agreement, the Security Trust Deed or its respective Security Agreement(s), it must, immediately on demand by the Security Trustee and/or the Issuer, pay the Guaranteed Interest and Fee Amounts as is if it were the principal obligor;

(c) undertaken with the Issuer that, to the extent that the proceeds of the enforcement of the Underlying Security are insufficient to satisfy the Borrowers' obligations under their respective Loan Agreements in full (the shortfall being, the **Guaranteed Principal Amount**), it must, immediately on demand by the Security Trustee and/or the Issuer, pay the Guaranteed Principal Amount as if it were the principal obligor; and

(d) agreed to indemnify the Issuer immediately on demand against any loss or liability suffered by the Issuer if any obligation guaranteed by it is or becomes illegal or invalid.

Underlying Security: Pursuant to the Security Agreements and the Security Trust Deed, the Original Borrower has (and each of the Borrowers other than the Original Borrower will have, upon such entities becoming Borrowers in accordance with the terms of the Security Trust Deed) created or procured the creation by an Eligible Group Member (as defined in the Security Trust Deed) of the following security in favour of the Security Trustee for the benefit of itself and the Issuer:

(a) first fixed legal mortgages over all of the right, title and interest from time to time in the Mortgaged Property (as defined in the Security Agreements) of such Borrower or Eligible Group Member; and

(b) first fixed charges over, *inter alia*, all plant and machinery of such Borrower or Eligible Group Member which form part of the Mortgaged Property and the benefit of the Insurances (as defined in the Security Agreements) and all present and future licences, consents and authorisations in respect thereof,

and has (or will have) also covenanted that it will, following an Enforcement Event (as defined in the Security Agreements) which has occurred and is continuing unremedied or unwaived and has not been remedied within any applicable grace period, assign or procure the assignment to the Security Trustee for the benefit of itself and the Issuer, all of the rights, title and interest in and to certain agreements and covenants held by such Borrower or the applicable Eligible Group Member as more particularly described in the Security Agreements, together, the **Underlying Security**, provided that it shall be entitled to exercise all its rights and claims under or in connection therewith until a Borrower Default has occurred and is outstanding.

The Issuer has secured its rights, title and interest in respect of the Underlying Security in favour of the Bond Trustee pursuant to the Bond Trust Deed.

See "*Description of the Security Agreements and the Security Trust Deed*" below.

Addition, substitution and release of Charged Properties:

Pursuant to the Security Trust Deed, on or prior to entering into a Security Agreement in respect of any Property for the benefit of the Issuer, the relevant Borrower or Eligible Group Member must, in respect of such security, provide the conditions precedent documents specified therein. In addition, pursuant to the Loan Agreements, the Borrowers must provide a completed Additional Property Certificate confirming that, *inter alia*, the proposed Additional Properties are residential properties of a type and nature that are usually owned by Registered Providers of Social Housing, Full Valuation Reports in respect of each Additional Property and a Certificate of Title in respect of each tranche of Additional Properties charged.

At the request and expense of a Borrower or Eligible Group Member, the Security Trustee shall (subject to receiving an amended Security Certificate from the Borrowers and the Issuer in accordance with the Security Trust Deed) release from the relevant Security Documents (and reallocate, if applicable) such of the Properties forming part of the Issuer's Designated Security and substitute such of the Properties as may be selected by such Borrower or Eligible Group Member, provided that the Original Borrower satisfies the conditions precedent specified in the Loan Agreements in relation to the Substitute Properties. Such conditions precedent include, *inter alia*, a completed Substitute Property Certificate certifying, *inter alia*, that the relevant Substitute Property is a residential property of a type and nature that is usually owned by Registered Providers of Social Housing and that, immediately following such release (and reallocation, if applicable), the

Asset Cover Test will not be breached as a result of the substitution of the relevant Charged Properties, Full Valuation Reports in respect of each Substitute Property and a Certificate of Title in respect of the Substitute Properties.

At the request and expense of a Borrower or Eligible Group Member, the Security Trustee shall release (subject to receiving an amended Security Certificate from the Borrowers and the Issuer in accordance with the Security Trust Deed) from the relevant Security Documents (and reallocate, if applicable) such Charged Properties as may be selected by such Borrower or Eligible Group Member provided that such Borrower or Eligible Group Member delivers to the Issuer and the Security Trustee a completed Property Release Certificate, certifying that, immediately following such release (and reallocation, if applicable), the Asset Cover Test will not be breached as a result of the release (and reallocation, if applicable) of such part of the security.

Notwithstanding the above, where any disposal is a Statutory Disposal a Borrower or an Eligible Group Member shall have the right to withdraw such Property from the Issuer's Designated Security. In such circumstances such Borrower or Eligible Group Member is obliged to deliver (or procure the delivery), as soon as reasonably practicable after it has received notice of such Statutory Disposal, a completed Statutory Disposal Certificate to the Issuer and the Security Trustee confirming that the relevant withdrawal relates to a Statutory Disposal and, if the Statutory Disposal would result in a breach of the Asset Cover Test, confirming that it shall procure that additional Properties are charged pursuant to the Security Trust Deed and/or moneys are deposited into the Disposal Proceeds Account, in accordance with the Loan Agreements, such that any breach of the Asset Cover Test will be cured.

Enforcement of the Underlying Security and the Issuer Security:

Following a Borrower Default, the Issuer may declare the Underlying Security immediately repayable and/or declare the relevant Loan immediately repayable. Pursuant to the Security Trust Deed, the Security Trustee shall only be required to take action to enforce or protect the security in respect of the Loan Agreements if so instructed by the Issuer (and then only if it has been indemnified and/or secured to its satisfaction).

The Issuer has assigned its rights under, *inter alia*, the Security Agreements and the Security Trust Deed, and, pursuant to Condition 6.3, has covenanted not to take any action or direct the Security Trustee to take any action pursuant thereto except with the prior consent of the Bond Trustee. The Bond Trustee may, but is not obliged to, seek the consent of the Bondholders in accordance with the Bond Trust Deed prior to giving any such consent.

In enforcing the Issuer Security (including the Issuer's rights, title and interests in the Security Agreements and the Security Trust Deed insofar as they relate to the Bonds) the Bond Trustee may act in its discretion. It is, however, required to take action, pursuant to Condition 12.2, where so directed by the requisite majority of the Bondholders provided, however, that it is secured and/or indemnified and/or pre-funded to its satisfaction.

See "*Description of the Security Agreements and the Security Trust Deed*" below.

Priorities of Payments:

Prior to the enforcement of the Issuer Security, the Issuer shall apply the monies standing to the credit of the Transaction Account on each Interest Payment Date and such other dates on which a payment is due in respect of the Bonds in the following order of priority (the **Pre-enforcement Priority of Payment**):

(a) first, in payment of any taxes due and owing by the Issuer to any taxing authority (insofar as they relate to the Bonds);

(b) second, in payment of any unpaid fees, costs, charges, expenses and liabilities incurred by the Bond Trustee (including remuneration payable to it and any Appointee) in carrying out its functions under the Bond Trust Deed;

(c) third, in payment of any unpaid fees and expenses of the Issuer owing to the Paying Agents under the Agency Agreement, the Account Bank under the Account Agreement, the Custodian under the Custody Agreement and the Retained Bond Custodian under the Retained Bond Custody Agreement on a *pro rata* and *pari passu* basis;

(d) fourth, in payment of any other unpaid fees, expenses and liabilities of the Issuer (in so far as they relate to the Bonds) on a *pro rata* and *pari passu* basis;

(e) fifth, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any interest due and payable in respect of the Bonds;

(f) sixth, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any principal due and payable in respect of the Bonds;

(g) seventh, in payment, on a *pro rata* and *pari passu* basis, to the Borrowers of any amounts due and payable under the terms of the Loan Agreements; and

(h) eighth, in payment of any Permitted Investment Profit, Accounting Profit or Retained Bond Premium Amount, as the case may be, to any Charitable Group Member.

Following the enforcement of the Issuer Security, all monies standing to the credit of the Transaction Account, the Disposal Proceeds Account and the Initial Cash Security Account and the net proceeds of enforcement of the Issuer Security shall be applied in the following order of priority (the **Post-enforcement Priority of Payment**):

(a) first, in payment of any unpaid fees, costs, charges, expenses and liabilities incurred by the Bond Trustee, any Appointee or any receiver in preparing and executing the trusts under the Bond Trust Deed (including the costs of realising any Issuer Security and the Bond Trustee's and such receiver's remuneration);

(b) second, in payment of all amounts owing to the Paying Agents under the Agency Agreement, the Account Bank under the Account Agreement, the Custodian under the Custody Agreement and the Retained Bond Custodian under the Retained Bond Custody Agreement on a *pro rata* and *pari passu* basis;

(c) third, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any interest due and payable in respect of the Bonds;

(d) fourth, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any principal due and payable in respect of the Bonds;

(e) fifth, in payment of any other unpaid fees and expenses of the Issuer (insofar as they relate to the Bonds) on a *pro rata* and *pari passu* basis;

(f) sixth, in payment on a *pro rata* and *pari passu* basis, to the Borrowers of any amounts due and payable under the terms of the Loan Agreements; and

(g) seventh, in payment of any Permitted Investment Profit, Accounting Profit or Retained Bond Premium Amount, as the case may be, to any Charitable Group Member.

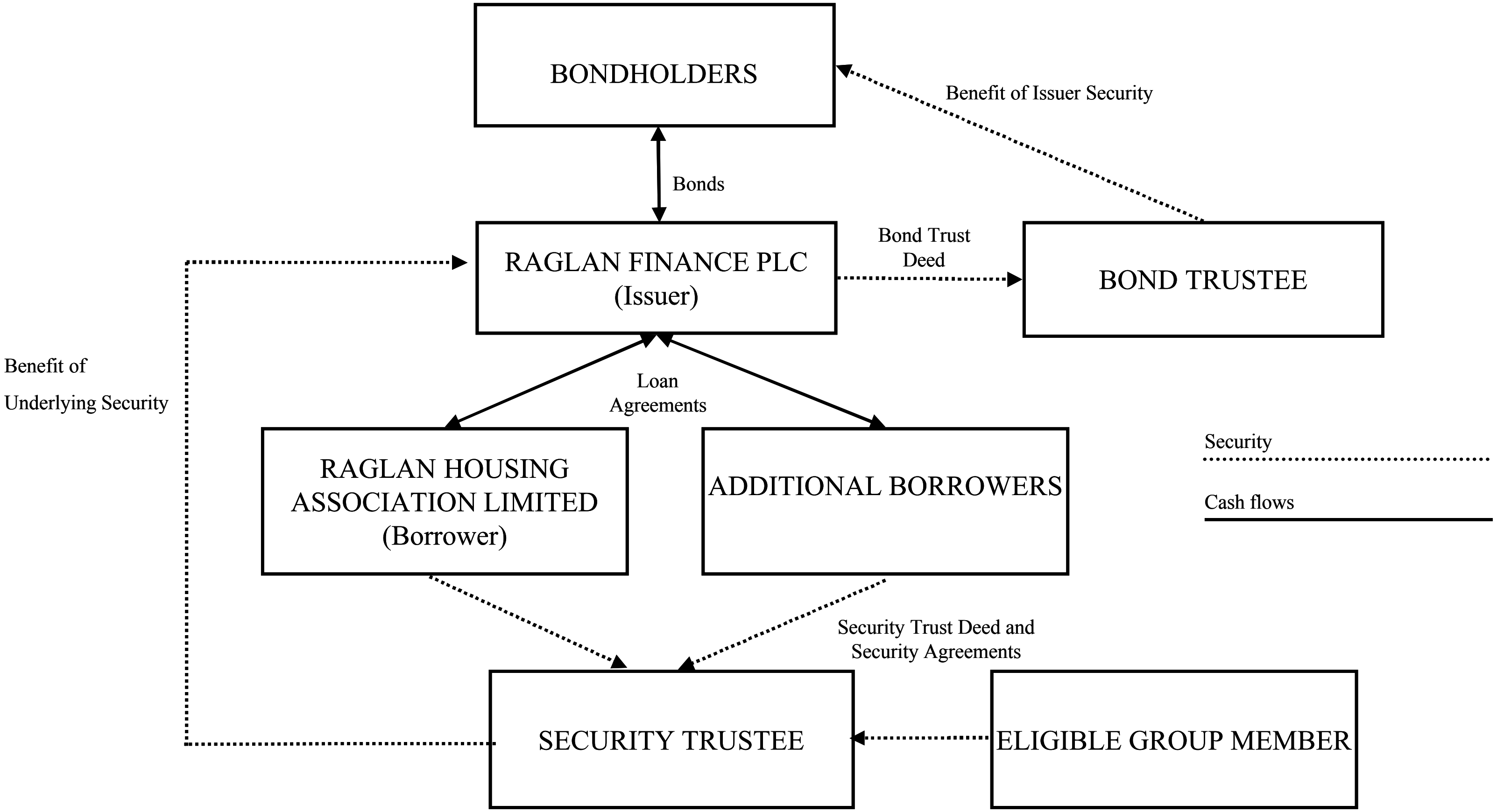
Status of the Bonds: The Bonds, Receipts and Coupons will constitute direct, secured, unsubordinated obligations of the Issuer and will rank *pari passu* among themselves.

Covenants:	Pursuant to Condition 6 (*Covenants*), the Issuer has covenanted not to engage in any activity or do anything other than carry out the business of a company which has as its purpose raising finance and on-lending such finance for the benefit of the Borrowers or perform any act incidental to or necessary in connection with the aforesaid, without the consent of the Bond Trustee. The Issuer has also covenanted to deliver to the Bond Trustee and, upon request by a Bondholder to the Issuer, to make available to any of the Bondholders, a copy of the Compliance Certificates and Security Adjustment Certificates received from the Borrowers pursuant to the terms of the Loan Agreements and a copy of the consolidated annual reports of the Original Borrower following publication of the same. In addition to the rights of Bondholders to convene a meeting pursuant to Condition 17 (*Meetings of Bondholders, Modification and Waiver*), at the request of the requisite majority of the Bondholders, the Issuer shall hold a meeting of the Bondholders to discuss the financial position of the Issuer and the Raglan Group. In addition, the Issuer has covenanted that, for so long as any of the Bonds remain outstanding, it shall not consent to any waiver, amendment or modification of, or take any action or direct the Security Trustee to take any action pursuant to, the Loan Agreements, the Security Agreements or the Security Trust Deed except with the prior consent of the Bond Trustee. The Bond Trustee may seek the consent of the Bondholders in accordance with the Bond Trust Deed prior to giving any such consent.
Taxation:	All payments in respect of the Bonds will be made without withholding or deduction for or on account of any taxes unless a tax deduction is required by law. In the event that any such withholding or deduction is required, the Issuer may at its option, but will not be obliged to, pay to Bondholders such additional amounts as may be necessary in order that the net amounts received by the Bondholders after such withholding or deduction will equal the amounts of principal and interest which would have been received in respect of the Bonds in the absence of such withholding or deduction. In the event that the Issuer does not opt to pay, or opts to pay and thereafter notifies the Bond Trustee and the Bondholders of its intention to cease paying, such additional amounts the Bonds shall be redeemed at their Outstanding Principal Amount, together with any accrued interest, in accordance with Condition 9.3 (*Early Redemption for Tax Reasons*).
Meetings of Bondholders:	The Terms and Conditions of the Bonds and the Bond Trust Deed contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders

	including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Bonds. These are set out under "*Risk Factors*" below and include factors which may affect the Issuer's and/or a Borrower's and/or an Eligible Group Member's ability to fulfil their obligations under the Bonds, the Loan Agreements and/or Security Agreements, respectively, factors which are material for the purpose of assessing the market risks associated with the Bonds, risks relating to the security for the Bonds and risks relating the market generally. See "*Risk Factors*" below.
Rating:	It is expected that the Bonds will be rated "Aa2" by Moody's. Moody's is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). As such Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.
Listing and admission to trading:	Application has been made to the UK Listing Authority for Bonds to be admitted to the Official List and to the London Stock Exchange for the Bonds to be admitted to trading on the London Stock Exchange's regulated market.
Arranger:	Canaccord Genuity Limited
Principal Paying Agent:	The Bank of New York Mellon, London Branch
Account Bank:	The Bank of New York Mellon, London Branch
Custodian:	The Bank of New York Mellon, London Branch
Retained Bond Custodian:	The Bank of New York Mellon, London Branch
Bond Trustee:	Prudential Trustee Company Limited
Security Trustee:	Prudential Trustee Company Limited
Original Borrower:	Raglan Housing Association Limited
Borrowers:	The Original Borrower and any other member of the Raglan Group that has acceded to the Security Trust Deed as an Additional Borrower.
Eligible Group Member	Any entity which has created (and which is subsisting) or will create security pursuant to the Security Trust Deed. Unless otherwise approved by the Security Trustee, each acceding Eligible Group Member must be a member of the Raglan Group and a Registered Provider of Social Housing.

Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Bonds in the United States and the United Kingdom, see "*Subscription and Sale*".
Governing Law:	The Bonds and any non-contractual obligations arising out of or in connection with them shall be governed by, and construed in accordance with, English law.

STRUCTURE DIAGRAM OF TRANSACTION



NOTE: On the Issue Date Raglan Housing Association Limited will be the only Borrower and there will be no Eligible Group Members. However, Additional Borrowers (which may, without limitation, include Raglan Homes Limited) and/or Additional Eligible Group Members to accede to the structure at a future date.

RISK FACTORS

The Issuer believes that the following factors (which include factors which may affect the ability of the Borrowers to fulfil their obligations under the Loan Agreements) may affect its ability to fulfil its obligations under the Bonds. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Bonds issued are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. This section is not intended to be exhaustive and prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision. If any of the following risks actually materialise, the Issuer's and/or the Borrowers' business, financial condition and prospects could be materially and adversely affected. No assurance can be given that prospective Bondholders will receive full and/or timely payment of interest and principal or ultimate recovery in relation to the Bonds.

Factors which may affect the Issuer's ability to fulfil its obligations under the Bonds

***Special Purpose Vehicle Issuer**:* The Issuer is a special purpose finance entity with no business operations other than the incurrence of financial indebtedness, including the issuance of the Bonds. As such the Issuer is entirely dependent upon receipt of funds received from the Borrowers in order to fulfil its obligations under the Bonds.

Credit Risk: The Issuer, and therefore payments by the Issuer in respect of the Bonds, will be subject to the credit risk of the Borrowers. The Issuer will be subject to the risk of delays in the receipt, or risk of defaults in the making, of payments due from the Borrowers in respect of the Loan Agreements.

***Effect of Losses on Loan on Interest Payments and Repayments on the Bonds**:* There can be no assurance that the levels or timeliness of payments of collections received in respect of the Loans will be adequate to ensure fulfilment of the Issuer's obligations in respect of the Bonds on each Interest Payment Date or any Instalment Redemption Date (including the Maturity Date). In addition, a default under a Loan Agreement could ultimately result in the enforcement of the Underlying Security. The proceeds of any such enforcement may be insufficient to cover the full amount due from the Borrowers resulting in a shortfall in funds available to repay the Bonds.

Factors which may affect the Borrowers' ability to fulfil their obligations under the Loan Agreements

Rental Income and Housing Benefit: A proportion of the rent received by the Borrowers from their tenants is derived from housing benefit payable by local authorities. If there is a reduction or termination by the Government of housing benefit, then this may accordingly have an adverse impact on the payment of rent, as the tenants would have to pay a higher proportion of the rent themselves. Payments of housing benefit by local authorities may be delayed as a result of, among other things, the need to establish a new claimant's entitlement thereto. The receipt of rental payments by a Borrower, as landlord, may be delayed by the failure of the claimant to regularly pay rent which is due in addition to the housing benefit and/or, in circumstances where the housing benefit is not paid direct to the landlord, a failure to pass on the housing benefit payments to the landlord.

The Welfare Reform Act, which received royal assent on 8th March, 2012, sets out significant changes in the provision of welfare benefits. The Act provides for the introduction of a number of reforms including a total household benefit cap, which is expected to be set at £26,000 per household per year, new size criteria for those in receipt of housing benefit, which will see a reduction in the amount of housing benefit (or the housing credit which will replace it) received by those who are under occupying, and the introduction of Universal Credit. Caps have already been introduced to the Local Housing Allowance, which applies to those living in the private rented sector and this is primarily affecting those living in central London and the South East. Currently these caps do not apply to tenants living within social housing, but Registered Providers of Social Housing are anticipating that in practice, local authorities may not pay out benefit above the level of the caps and are setting their Affordable Rent accordingly.

Universal Credit, which will be phased in from October 2013, will be a single means-tested benefit paid to those of working age (in and out of work) which will include an amount in respect of housing costs which will replace housing benefit. Currently housing benefit is paid directly to Registered Providers of Social Housing and it has been acknowledged by the Government that some households may go into rent arrears as a consequence of the introduction of Universal Credit and the related plans to introduce direct payment of housing benefit to claimants as the default position.

In order to allay the fears of Registered Providers and their lenders, the Department of Work and Pensions (the **DWP**) has agreed to safeguard landlords' income by putting in place protection mechanisms to allow for the payment of rent direct to landlords if tenants are vulnerable or fall into arrears of rent. The DWP has set up a working group to look at which vulnerable claimants will fall within the support group and will be assessing the results of the pilot projects to identify the approach to arrears, which could be based on the length of time for which arrears have been outstanding or the amount of arrears. On 30th May, 2012 Moody's issued a special comment relating to direct payments of housing benefit. Moody's view the direct payment of housing benefit to working age tenants as a "manageable" risk. However, changes to the structure of the benefit system (including any system of direct payments of the housing component of Universal Credit to tenants) may affect the ability of claimants of housing benefit to pay their rent and also affect the ability of a Borrower to meet its payment obligations under its Loan Agreement on a timely basis.

Whilst existing social tenancies and rent levels remain unchanged, the Localism Act introduces new tenancies that allow Registered Providers of Social Housing to charge intermediate rents up to a maximum of 80 per cent. of the market rent level on both newly developed stock and on new lettings of a proportion of existing stock. This new rent and tenancy combination is known as Affordable Rent. There is a risk that those tenants on Affordable Rent will find it harder to pay their rent and that this may have a corresponding effect on the ability of a Borrower to meet its payment obligations under its Loan Agreement on a timely basis.

Rental Growth Risk: Levels of rental income are currently impacted each year by the Retail Price Index (**RPI**) which refers back to the figure published in the September of the preceding year. The Chancellor announced in the Emergency Budget on 22nd June, 2010 (as confirmed in the 2011 Budget on 23rd March, 2011) that housing benefit limits will be adjusted upwards in line with the Consumer Price Index (**CPI**), rather than RPI, from the financial year 2013-2014. As announced by the DWP on 6th December, 2011, housing benefit limits have been frozen for one year from April 2012. The CPI is typically lower than RPI and does not currently include housing costs. The decision to increase benefits in accordance with CPI may therefore increase the risk of rent shortfalls occurring. The Borrowers will apply future rent increases, or decreases in the case of negative RPI, in accordance with the Government rent regimes (if any) in place at that time. The current regime for regulated rents allows for increases at RPI plus 0.5 per cent. The Original Borrower's regulated rental income sensitivity to a 1 per cent. increase or decrease in RPI is circa £520,000 per annum based on its current year's rental income, which the Original Borrower does not deem material to its ability to meet its obligations under the Raglan Housing Association Loan Agreement. The Original Borrower has a number of mechanisms in place to mitigate the scenario of negative inflation including control over its cost base and inflation-linked swaps. In addition, the Original Borrower considers the correlation between inflation and interest rates when managing its variable interest rate bill.

Shared Ownership and Outright Sales Risk: The Raglan Group also generates revenue from its housing for sale programme which is principally shared ownership and is therefore exposed to market risk in relation to housing for sales, including both demand and pricing risks. Shared Ownership income is generated on the initial sale of the "first tranche" and subsequent sales of further "tranches" or "staircasings" at the instigation of the shared ownership tenant. A rent is charged based on a percentage of the unsold equity.

There is also the risk that if a tenant of a shared ownership property borrows monies through a mortgage from a commercial lender (having obtained consent from a Borrower) then that lender's mortgage may take priority ahead of the security arrangements in place under the Security Trust Deed. However, if that commercial lender were to enforce its security following a tenant defaulting on its mortgage, such lender could staircase (i.e. purchase a portion of the freehold property) up to 100 per cent. in order to be able to sell the whole leasehold interest in which case the Borrower as landlord would receive such staircasing payments from the commercial lender. If the price for the full 100 per cent. receivable on sale is not sufficient to meet the principal outstanding (plus 12 months interest and other statutorily permitted costs) then the shortfall will remain as a debt due to the landlord from the defaulting leaseholder. Under current HCA rules, any shortfall not recovered is borne first by the provider of any grant in respect of the property, and thus the Borrowers are only affected to the extent that the shortfall cannot be covered by grant monies.

Other Income Risk: Services provided by the Original Borrower to residents in supported and sheltered housing schemes are funded by local authorities through its "Supporting People" activities. Since April 2012, local authorities have had more flexibility in the use of funds which could result in reductions of payments from local authorities to the Original Borrower in relation to these "Supporting People" activities.

Housing Grant Risk: The Borrowers receive grant funding from a variety of sources, including the HCA. Due to the nature of grant funding, there is a risk that the amount of funding available and the terms of grants will vary. Following approval of a grant there is a risk that the HCA may revise the terms of a grant and reduce entitlement, suspend or cancel any instalment of such a grant. In certain circumstances, set out in the HCA regulatory framework, including but not limited to, failure to comply with conditions associated with the grant or a disposal of the property funded by a grant, the grant may be required to be repaid or reused. Any such reduction in, withdrawal of, repayment or re-use of grant funding could adversely impact the future development of a Borrower.

Since 2005, bids for social housing grants to supply new affordable housing have been accepted from unregistered bodies in addition to Registered Providers of Social Housing. This includes private developers and arm's length management organisations established by local authorities. One of the aims of the measure was to increase competition. In September 2008, as part of a package of measures announced to stimulate the housing market and deliver new social housing, the previous Government announced that local authorities who directly manage houses will also be invited to bid for grants.

In 2010 the Government announced a new funding framework – the 2011-2015 Affordable Homes Programme (the **Framework**). The Framework largely replaced the previous social housing grant programme, although outstanding grants agreed under the previous arrangements will be paid to Registered Providers of Social Housing. The Framework is designed to offer more flexibility to registered housing providers, enabling them to use existing assets to support new development programmes, and to offer a wider range of housing options to people accessing social housing.

Under the Framework, the level of Government grant has been reduced significantly. To compensate for this, Registered Providers of Social Housing are able to charge Affordable Rents which are capped at 80 per cent. of market rents and, as such, are generally higher than existing target social housing rents. This additional rental income can be used to service additional funding requirements as a result of the reduced grant levels. The consequence of this for Registered Providers of Social Housing is an increase in debt and gearing levels, the scale of which varies depending on the areas of operation.

The increased exposure of a Borrower to rental income and housing benefit risk could affect the ability of a Borrower to meet its payment obligations on a timely basis under the relevant Loan Agreement.

Housing Market Downturn Risk: The majority of the properties of the Raglan Group are social rented (general needs, sheltered housing and supported housing), all of which have a limited exposure to housing market downturn risk. Rental income from these properties provides the major source of the Raglan Group's income.

The Raglan Group has exposure to housing market downturn risk through its shared ownership sales, its open market housing sales activity and redemptions and staircasings of shared equity and shared ownership properties.

The latest figures from the Nationwide House Price Index show that there has been little change in the generally weaker buyer demand for the UK housing market with a typical UK property price increasing by a seasonally adjusted 1.3 per cent. month on month for August 2012. The smoother 3 month on 3 month rate of change has changed from a seasonally adjusted 0.8 per cent. decrease in July 2012 to a 0.5 per cent. decrease in August 2012. The overall trend does not indicate any significant improvement in housing market conditions. On an annual basis, house prices are 0.7 per cent. lower in August 2012 than for the same period last year. The figures seem to indicate that the property market remains fragile.

Housing Market, Development and Operational Risk: Residential property investment is subject to varying degrees of market, development and operational risk. Market risks which may impact upon both the rental market and the development of residential properties include the risk of changes to Government regulation, including, but not limited to, regulation relating to planning, taxation, landlords and tenants and welfare benefits. Furthermore, the maintenance of existing properties, development of existing sites and acquisition of additional sites may be subject to the availability of finance facilities and the cost of borrowing, interest rates and inflation (in particular house price inflation) may also have an effect.

Among other things, these market risks may impact upon the expenses incurred by each Borrower associated with existing residential properties, rental income produced by these properties, the value of its existing investments, its ability to develop land that it has acquired, its ability to sell shared ownership properties and its ability to acquire additional sites. This could, in turn, impact upon such Borrower's cash flow and its ability to satisfy any asset cover covenants which it is required to maintain pursuant to the terms of existing facility arrangements.

Operational risks may result from major systems failure or breaches in systems security (although, in the case of the Original Borrower, it has prepared business continuity plans in order to mitigate against this, it is dependent upon its technology in order to deliver business processes) and the consequences of theft, fraud, health and safety and environmental issues, natural disaster and acts of terrorism. These events could result in financial loss to the Borrowers and hence the Issuer.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as an entity with securities admitted to the Official List.

Regulatory Risk: The Localism Act received royal assent on 15th November, 2011. The Localism Act significantly amends parts of the Housing and Regeneration Act 2008 which established the objectives and certain powers of the Regulation Committee of the Homes and Communities Agency (the **Regulator**). The provisions of the Localism Act that make these changes are now largely in force as of 1st April, 2012.

Pursuant to the Localism Act, responsibility for social housing regulation passed from the TSA to the HCA Regulation Committee. The new regulatory framework, "The regulatory framework for social housing in England from April 2012" came into force on 1st April, 2012 and revisions were made to the previous regime in order to meet the revised statutory requirements, the powers the Government has given to the Regulator in the Localism Act and directions that the Government has issued or intends to issue to the Regulator. The framework sets out the regulatory standards applying to all registered private and local authority providers from 1st April, 2012. The standards are largely the same as those under the previous regime but they are now classified as either "standards relating to economic matters" or "standards relating to consumer matters".

Standards relating to economic matters only apply to private Registered Providers of Social Housing and their boards are responsible for ensuring that their organisation meets the economic standards. The standards cover governance and viability, rent and value for money (which places an increased onus on boards to develop and deliver a clear strategy to drive value for money improvements). The Regulator has a proactive role in relation to economic standards and will engage with providers to obtain assurance that they are being met. Regulation will be carried out in a risk-based and proportionate way and the Regulator has a new statutory duty to minimise interference.

Standards relating to consumer matters apply to all Registered Providers of Social Housing and their boards are responsible for ensuring their organisation meets the consumer standards. The standards cover tenant involvement and empowerment (which has a greater focus on local mechanisms to resolve complaints and disputes, and an increased scope for tenant involvement in repairs and maintenance), home standard (i.e. quality of accommodation, repairs and maintenance), tenancy standard (reflecting changes in Government policy, allowing different lengths of tenancy and setting out expectations to promote mutual exchange arrangements) and the neighbourhood and community standard. The Regulator's role is limited to setting the consumer standards and intervening only where the standard has failed and there are reasonable grounds to suspect that the failure has resulted in serious harm or could lead to the risk of serious harm to tenants (the 'serious detriment test'). For breaches of regulatory standards that do not give rise to serious detriment, tenants will have to look to others (such as local tenant panels, councillors and MPs) to intervene if necessary.

In setting all standards, the Regulator must have regard to the desirability of Registered Providers of Social Housing being free to choose how to provide services and conduct business. Standards are to be set largely with a focus on outcomes, avoiding detailed prescription where possible.

Capital Resources & Treasury Risk: To mitigate liquidity risk and augment its capital resources, the Raglan Group currently relies on financing through committed lines of credit from major banks and building societies and through secured term and revolving credit facilities. However, the Borrower could find itself unable to access sources of financing if bank or building society lines become unavailable to the Borrower (for example, if banks and building societies are unable to provide new facilities, or extend existing facilities, or are unable to meet commitments to provide funds under existing committed lines) or if a reduction in such Borrower's credit rating makes the cost of accessing the public and private debt markets prohibitive.

The Raglan Group is also subject to interest rate risk in respect of their variable rate borrowing although the Raglan Group's hedging strategy seeks to reduce interest rate risk volatility and uncertainty by allowing for a balance of fixed, floating and inflation-linked debt. As at March, 2012 approximately 83 per cent. of the Raglan Group's borrowings were capped or fixed rate debt. Accessing the capital markets through the issue of the Bonds will reduce the reliance of the Raglan Group on funding from banks and building societies.

Pensions Risk:

The Original Borrower

The Original Borrower participates in the following pension schemes:

- The Social Housing Pension Scheme administered by the Pensions Trust (**SHPS**);
- Growth Plan administered by the Pensions Trust (**Growth Plan**); and
- The Local Government Pension Scheme administered by Dorset County Council, the Dorset County Pension Fund (**DCPF**).

SHPS

SHPS is an industry wide, multi-employer, multi-benefit structure, pension scheme. SHPS has a specified range of defined benefit structures, and separately a defined contribution structure, within the one scheme.

The valuation results at 30th September, 2011 were completed in 2012. The market value of the scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million equivalent to a past service funding level of 67 per cent.

There are currently 130 active members of SHPS employed by the Original Borrower. Of these:

- 64 are in the 1/60 final salary structure. There are 273 deferred members, pensioners and dependant pensioners. The Original Borrower currently pays an employer contribution (for future service) of 8.3 per cent. for active members with members paying an employee contribution of 7.9 to 9.9 per cent.;
- 50 are in the 1/70 final salary structure. There are 39 deferred members and pensioners. The Original Borrower currently pays an employer contribution (for future service) of 7 per cent. for active members with members paying an employee contribution of 6.8 to 8.9 per cent.; and
- 16 are in the Defined Contribution structure with employee contributions from 3 to 7 per cent. matched by the Original Borrower. There are no deferred members or pensioners.

The Original Borrower closed the 1/60th SHPS final salary structure to new members on 1st April, 2007 and the 1/70th SHPS final salary structure to new members on 1st April, 2011.

With effect from 1st April, 2011 new employees of the Original Borrower have only been offered membership of the SHPS defined contribution structure.

SHPS has Recovery Plans in place to pay for the past service deficit. Until the 2011 valuation the deficit has been recovered through these Recovery Plans as an additional percentage of pensionable payroll.

The 2005 Valuation deficit contribution rate was 4.4 per cent. of pensionable payroll and the 2008 Valuation deficit rate was 3.1 per cent. of pensionable payroll. Following consultation with employers in November 2008 a past service deficit equal to 7.5 per cent. (i.e. 4.4 per cent. and 3.1 per cent.) has been consolidated into a value equal to 7.5 per cent. of the pensionable payroll for each employer at 30th September, 2008 increasing by 4.7 per cent. each year. The 4.7 per cent. increase allowance was the future earnings increase assumption used by the Scheme Actuary at the 2008 valuation. Deficit payments have been paid on this basis by defined benefit participating employers including the Original Borrower since 1st April, 2010 and will continue until 30th September, 2020 (2005 Valuation) and 30th September, 2023 (2008 Valuation).

Following the 2011 Valuation SHPS has implemented an additional Recovery Plan, this new Recovery Plan is on a "share of liabilities" basis and will cover a 13 year period from the 30th September, 2011 valuation date.

Under the Recovery Plans, in addition to employer contributions to fund future service, the Original Borrower:

- currently pays an annual deficit contribution of £417,212.75 which increases by 4.7 per cent. per annum with effect from April; and

- from April 2013 the Original Borrower will pay a further annual deficit contribution of £241,523.88 which will increase by 3 per cent. per annum with effect from April 2014.

The total employer contributions of the Original Borrower to SHPS during the financial year ended 31st March, 2012 were £795,533.00. This figure includes the deficit contributions payable during this period.

Growth Plan

The Original Borrower is admitted to Growth Plan, a multi employer scheme. There are 4 series of Growth Plan. Series 1 to 3 give rise to underlying guarantees. The Original Borrower currently has 6 active members in Series 3 of Growth Plan who make additional voluntary contributions. The employer makes no ordinarily employer contributions.

The valuation results for Growth Plan at 30th September, 2011 were completed in 2011. The assets of Growth Plan on a Technical Provisions valuation basis amounted to £780,300,000 as at 30th September, 2011. At the same date the liabilities were £927,900,000 resulting in a deficit of £147,600,000 and a funding level of 84.1 per cent.

A recovery plan has been put into place for Growth Plan which aims to eliminate the deficit via a combination of additional contributions from employers and investment returns over a period of 10 years from 1st April, 2013.

With effect from April 2013 the Original Borrower will pay an annual payment of £5,899.56 towards the deficit.

DCPF

The Local Government Pension Scheme (**LGPS**) is a national scheme administered at a local level. There are 99 separate LGPS funds across the UK, of which 89 are in England and Wales. Each regional fund is governed by an "Administering Authority". The DCPF is administered by Dorset County Council. The LGPS is founded under sections 7 and 12 of the Superannuation Act 1972 and is governed by:

- The Local Government Pension Scheme (Member, Benefits and Contributions) Regulations 2007 (SI 2007/1166);
- The Local Government Pension Scheme (Administration) Regulations 2008 (SI 2008/239) (Administration Regulations);
- The Local Government Pension Scheme Regulations 2008 (SI 2008/238) (Transitional Regulations);
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 (SI 1998/1831) (Investment Regulations); and
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009/3093).

The LGPS is a funded contributory arrangement. It is currently a final salary scheme. The latest actuarial valuation was completed as at 31st March, 2012 and the figures are based on the actuarial demographic assumptions from that valuation.

The contributions paid to DCPF by the Original Borrower in the previous accounting period were £79,117.05 in respect of employer contributions.

There are currently 5 active members of the DCPF employed by the Original Borrower. It is closed to new members.

In relation to DCPF, the FRS 17 Valuation Report for the Original Borrower produced by the Scheme Actuary shows that the cumulative amount of actuarial gains and losses recognised in the statement of total recognised surpluses and deficits since 2002 is a loss of £2,843,000. The deficit of the Original Borrower in DCPF rose from £2,126,000 to £2,843,000 in the financial year ended 31st March, 2012 as the result of a fall in the real discount rate used in valuing the liabilities of the fund. The value of the assets did not change materially.

On the date that the DCPF admission agreement ceases to have effect, which will ordinarily be the date that the last active member leaves, a valuation will be undertaken by the actuary to the DCPF following which a rates and adjustment certificate will be issued showing the liabilities and obligations of the Original Borrower to the LGPS. This liability will then become payable.

General

There may be certain circumstances in which the sponsoring employers of the pension arrangements listed above are required to make good the funding deficit in short order. Certain forms of re-structuring of the Original Borrower may result in circumstances in which a funding deficit has to be met. For example, a transfer of engagements or a transfer under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (SI 2006/246) could lead to a crystallisation of a net pension liability. However, the Original Borrower always carefully considers the pension implications of restructuring proposals and wherever possible ensures that such restructurings are organised to avoid pension liabilities crystallising.

There is also a risk that the Original Borrower could be required to contribute to pension schemes on the basis that they are parties "connected to" or "associated with" the relevant employers, whether or not they themselves are classified as "employers".

The Pensions Regulator may require certain parties to make contributions to certain pension schemes that have a deficit. A contribution notice could be served on the Original Borrower if it is, or is connected/associated with, a defined benefit scheme (which could include SHPS and Growth Plan), and if it was a party to an act, or a deliberate failure to act, the main purpose or one of the main purposes of which was either: (i) to prevent the recovery of the whole or any part of a debt which was, or might become, due from the employer under Section 75 of the Pensions Act 1995; (ii) to prevent such a debt becoming due, to compromise or otherwise settle such a debt, or to reduce the amount of such a debt which would otherwise become due; or (iii) where the effect (regardless of intention) of the act was to materially weaken the respective pension scheme by detrimentally affecting in a material way the likelihood of accrued scheme benefits being received by or in respect of members unless the Pensions Regulator is satisfied that the Original Borrower has a statutory defence. A contribution notice can only be served where the Pensions Regulator considers it is reasonable to do so.

A financial support direction could be served on the Original Borrower if the Original Borrower is connected to/associated with a defined benefit scheme (which could include SHPS and Growth Plan) which is insufficiently resourced. An employer is insufficiently resourced if the value of its resources is less than 50 per cent. of the pension scheme's deficit calculated on an annuity buy-out basis and the aggregate value of the resources of the persons who are connected to or associated with the employer and each other, when added to the value of the employer's resources, would be 50 per cent. or more of the combined pension scheme deficit calculated on an annuity buy-out basis. A financial support direction can only be served where the Pensions Regulator considers it is reasonable to do so.

If a contribution notice or financial support direction were to be served on the Original Borrower this could result in a shortfall of funds available to repay the Bonds.

The Original Borrower could find itself liable to pay amounts to these schemes that are not attributable to its own current or former employees.

Raglan Homes

Raglan Homes does not currently employ any employees and does not participate in any pensions schemes.

Litigation Risk: To date, claims made against the Raglan Group have not had a material impact on the revenue or business of the Raglan Group, although there can be no assurance that the Raglan Group will not, in the future, be subject to a claim which may have a material impact upon its revenue or business.

Furthermore, the Raglan Group has the benefit of insurance for, among others, employer's liability, public liability and directors' and officers' liability at levels which the management of the Raglan Group considers to be prudent for the type of business in which the Raglan Group is engaged and commensurate with Registered Providers of Social Housing of a similar size.

Permitted Reorganisations: The Raglan Housing Association Loan Agreement permits, and each Additional Loan Agreement will permit, the Borrowers to undertake Permitted Reorganisations. In such circumstances, the resulting entity's credit risk may change.

Factors which are material for the purpose of assessing the market risks associated with the Bonds

Liability under the Bonds: The Bonds are obligations of the Issuer only and do not establish any liability or other obligation of any other person mentioned in this Prospectus. The Bonds will constitute direct, general, secured obligations of the Issuer and will rank equally among themselves.

Partly paid risks: The issue price in respect of the Bonds is payable in two instalments. Any failure by a Bondholder to pay the Final Instalment in respect of their Bonds may result in (i) such Bondholder's position in respect of its Bonds being blocked in accordance with the procedures of Euroclear or Clearstream, Luxembourg, as the case may be, until such amount is paid in full, and/or further notice from the Principal Paying Agent, which will result in such Bondholder being unable to trade its Bonds and (ii) the forfeiture of all or any Bonds in respect of which such amount has not been duly paid and such investor losing all of his investment.

Interest rate risks*:* The Bonds bear interest at a fixed rate and therefore involve the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

Redemption prior to maturity: In the event that the Bonds become repayable prior to maturity either following a Loan becoming repayable as a result of a Borrower Default (which includes, *inter alia*, failure by the relevant Borrower to make payments of interest under the relevant Loan Agreement) or an Event of Default (as defined in Condition 12 (*Events of Default and Enforcement*)) or due to taxation (pursuant to Condition 9.3 (*Early Redemption for Tax Reasons*)), the Bonds will be redeemed in full at their Outstanding Principal Amount, plus accrued interest. In such circumstances it may not be possible for an investor to reinvest the redemption proceeds at an effective rate of interest as high as the interest rate on the Bonds. Furthermore, the optional redemption feature of the Bonds is likely to limit their market value as the market value generally will not rise substantially above the price at which they can be redeemed.

Modification, waivers and substitution: The Terms and Conditions of the Bonds and the Bond Trust Deed contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Bonds and the Bond Trust Deed also provide that the Bond Trustee may, without the consent of Bondholders (i) agree to any modification (except as stated in the Bond Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Bonds or any Transaction Document (to which it is a party) or (ii) determine without the consent of the Bondholders that any Potential Event of Default or Event of Default shall not be treated as such or (iii) agree to the substitution of another company, industrial and provident society or other entity as principal debtor under the Bonds in place of the Issuer, in the circumstances described in the Terms and Conditions, provided, in each case, that the Bond Trustee is of the opinion that to do so would not be materially prejudicial to the interest of Bondholders.

Denominations involve integral multiples: definitive Bonds*:* The Bonds have denominations consisting of a minimum of £100,000 plus one or more higher integral multiples of £1,000. It is possible that the Bonds may be traded in amounts that are not integral multiples of £100,000. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than £100,000 in his account with the relevant clearing system at the relevant time may not receive a definitive Bond in respect of such holding (should definitive Bonds be printed) and would need to purchase a nominal amount of Bonds such that its holding amounts to £100,000.

If definitive Bonds are issued, holders should be aware that definitive Bonds which have a denomination that is not an integral multiple of £100,000 may be illiquid and difficult to trade.

Change in Law: The structure of the issue of the Bonds is based on English law, regulatory and administrative practice in effect as at the date of this Prospectus, and has due regard to the expected tax treatment of all relevant entities under United Kingdom tax law and the published practice of HM Revenue & Customs in force or applied in the United Kingdom as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to English law, regulatory or administrative practice in the United Kingdom, or to United Kingdom tax law, or the interpretation or administration thereof, or to the published practice of HM Revenue & Customs as applied in the United Kingdom after the date of this Prospectus.

European Monetary Union: It is possible that, prior to the repayment in full of the Bonds, the United Kingdom may become a participating member state in the European Economic and Monetary Union and that the Euro will become the lawful currency of the United Kingdom. The introduction of the Euro could be accompanied by a volatile exchange rate and/or interest rate environment which could adversely affect holders of the Bonds. It cannot be said with certainty what effect the adoption of the Euro by the United Kingdom (if it occurs) will have on the holders of the Bonds.

Potential Conflicts of Interest: Each of the Transaction Parties (other than the Issuer) and their affiliates in the course of each of their respective businesses may provide services to other Transaction Parties and to third parties and in the course of the provision of such services it is possible that conflicts of interest may arise between such Transaction Parties and their affiliates or between such Transaction Parties and their affiliates and such third parties. Each of the Transaction Parties (other than the Issuer) and their affiliates may provide such services and enter into arrangements with any person without regard to or constraint as a result of any such conflicts of interest arising as a result of it being a Transaction Party.

Taxation: Under the Terms and Conditions of the Bonds (see Condition 10 (*Taxation*)) below), the Issuer may, but will not be obliged to, gross up payments in respect of the Bonds if any deduction or withholding on account of tax is imposed. In the event that any deduction or withholding on account of tax is imposed and the Issuer does not opt to gross up payments in respect of the Bonds (or, if having previously opted to gross up notifies the Bond Trustee and the Bondholders of its intention to cease grossing up payments in respect of the Bonds), the Bonds will be redeemed in accordance with Condition 9.3 (*Early Redemption for Tax Reasons*). In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Bonds. In addition, any amounts in respect of accrued interest which fall due on any such redemption of the Bonds (and, where the redemption follows the next following Interest Payment Date, such Interest Payment Date) shall be paid subject to the required withholding or deduction and the Issuer shall not be obliged to pay any additional amounts in respect thereof. The Bondholders will therefore bear the risk of any such withholding or deduction in respect of the period from the previous Interest Payment Date to the date of redemption.

The Raglan Housing Association Loan Agreement requires, and each Additional Loan Agreement will require, that if any withholding or deduction is required by law to be made by the relevant Borrower thereunder, the amount of the payment due from such Borrower shall be increased to an amount which (after making the tax deduction) leaves an amount equal to the payment which would have been due if no tax deduction had been required.

For a description of the current United Kingdom law and practice relating to withholding tax treatment of the Bonds, see below in "*Taxation*".

EU Savings Directive: Under EC Council Directive 2003/48/EC (the **Directive**) on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

Exchange rate risks and exchange controls*:* The Issuer will pay principal and interest on the Bonds in Sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than Sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of Sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Sterling would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Bonds and (3) the Investor's Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Legal investment considerations may restrict certain investments: The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

Risks Relating to the Security of the Bonds

Considerations relating to the Issuer Security and the Underlying Security: The Bonds will be secured by the Issuer Security granted in favour of the Bond Trustee for the benefit of itself, the Bondholders and the other Secured Parties. Such Issuer Security will include security over the Loan Agreements, the Security Trust Deed and the Security Agreements. The Underlying Security created pursuant to the Security Trust Deed and the Security Agreements includes first legal mortgages, first fixed charges and assignments over the property and rights set out in the relevant Security Agreement given by the Borrowers and the Eligible Group Members in favour of the Security Trustee for the benefit of itself and, *inter alios*, the Issuer.

The validity of any security given by the Borrowers and the Eligible Group Members in connection with additions and substitutions of Charged Properties may depend on the solvency of the relevant Borrower or Eligible Group Member at the time of the grant.

Environmental Considerations: Under relevant UK environmental legislation, liability for environmental matters can be imposed on the "owner" or "person in control" of land. The term "owner" is not specifically defined and could include anyone with a proprietary interest in a property, which could include a representative of a trustee as a mortgagee in possession (in respect of which see the risk factor entitled "*Mortgagee in Possession Liability*" below). Environmental laws may impose liability on the owner for clean-up costs if a property is or becomes contaminated. The Borrowers and the Eligible Group Members may therefore be liable for the entire amount of the clean-up and redemption costs for a contaminated site regardless of whether the contamination was caused by it or not. These costs may be significant and may affect the ability of the Borrowers to meet their payment obligations under their respective Loan Agreements.

In addition, the presence of hazardous or toxic substances, or the failure to adequately remedy adverse environmental conditions at a Charged Property, may adversely affect the market value of the Charged Property, as well as the Borrowers' or the Eligible Group Members' ability to sell, lease or refinance the Charged Property. Any environmental liability imposed on the Borrowers could also affect the ability of the Borrowers to meet their payment obligations under their respective Loan Agreements.

Sufficiency of Insurance: Although each Charged Property is required to be insured at appropriate levels and against customary risks, there can be no assurance that any loss incurred will be of a type covered by such insurance, nor can there be any assurance that the loss will not exceed the limits of such insurance. Any reduction in income or any loss or damage caused to a Charged Property not adequately covered by insurance could result in a shortfall in funds available to meet the Borrowers' payment obligations under the Loan Agreements.

Investment of Retained Proceeds in Permitted Investments: For so long as any part of the net proceeds of the issue of the Bonds remains undrawn pursuant to the Loan Agreements, the Issuer may invest such amounts in Permitted Investments in accordance with the Custody Agreement. The Issuer may also invest the Charged Disposal Proceeds in Permitted Investments.

Although Permitted Investments are limited to highly rated securities which satisfy certain specified criteria (which, other than with respect to any investment in the money market funds or deposits, includes a requirement that the investments have a maturity date which is no later than 20th September, 2042), the Issuer may be required to liquidate such Permitted Investments (a) prior to the enforcement of the Issuer Security, (in the case of the Permitted Investments purchased with Retained Proceeds) to fund advances to a Borrower pursuant to a Loan Agreement or to fund redemptions of the Bonds in accordance with the Conditions or (b) following the enforcement of the Issuer Security, to make payments in accordance with the Post-enforcement Priority of Payment, in either case at a time when the disposal proceeds of such Permitted Investments is less than the price paid by the Issuer upon the acquisition thereof.

Prior to the enforcement of the Issuer Security, any losses realised by the Issuer in respect of a sale of Permitted Investments purchased with Retained Proceeds is passed on to the Borrowers pursuant to the terms of the Loan Agreements as a result of (i) the Issuer's obligation to fund a nominal amount of an advance being such that it may be satisfied by funding such advance at a discount in proportion to any such losses and (ii) each Borrower's obligation to make further payments to the Issuer in respect of any prepayment of the loan in full to enable the Issuer to fund any shortfall on a redemption of the Bonds. However, following the enforcement of the Issuer Security, any losses in respect of the Permitted Investments will reduce the amounts available to the Issuer to satisfy its payment obligations in respect of the Bonds. For the purpose of calculating the Borrowers' compliance with the Asset Cover Test, the value of such Permitted Investments will be the purchase price thereof and the Borrowers shall not be required to monitor the market value of such Permitted Investments. Consequently, the value attributed to the Permitted Investments for this purpose may be more than the realisable value from time to time.

In the event that the enforcement of the Issuer Security takes place prior to the Initial Properties and the Additional Properties being charged, with an aggregate Minimum Value equal to the Outstanding Principal Amount of the Bonds, and/or at a time when the Permitted Investments have been acquired with the Disposal Proceeds or otherwise charged by a Borrower as security, the value of the proceeds of enforcement of the Underlying Security, together with such amounts, may be insufficient to enable the Issuer to pay its obligations under the Bonds in full.

The Issuer's ability to meet its obligations under the Bonds after enforcement under a Loan: Following default by a Borrower, the Security Trustee shall be entitled to call for payments of any unpaid sums by such Borrower to be made by one or more of the other Borrowers (if any) under and in accordance with the guarantee given by such other Borrowers pursuant to their respective Loan Agreement (subject to the limitations of each guarantee). If there are no other Borrowers or the other Borrowers do not make payment (or are not required to make payment as a result of the limitation of the relevant guarantee) of such amounts to the Issuer pursuant to their respective Loan Agreements, the Security Trustee may enforce the Underlying Security and appoint a Receiver pursuant to its powers under the Security Trust Deed.

The Issuer's ability to continue to pay principal and interest on the Bonds following default by a Borrower under a Loan is dependent upon the ability of the Issuer to receive from the Security Trustee pursuant to the collection of rental income or a disposal of the Underlying Security, sufficient funds to make such payment.

Fixed charges may take effect under English law as floating charges: Pursuant to the Bond Trust Deed, the Issuer has purported to grant fixed charges over, amongst other things, all rights and benefits under the Transaction Account, the Disposal Proceeds Account and the Initial Cash Security Account. The law of England and Wales relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer (other than assignment of security) may take effect under English law only as floating charges if, for example, it is determined that the Bond Trustee does not exert sufficient control over the charged assets for the security to be said to "fix" over those assets. If the charges take effect as floating charges instead of fixed charges, then the claims of the Bond Trustee will be subject to claims which are given priority over a floating charge by law, including, amongst other things, prior charges, certain subsequent charges, the expenses of any winding up or administration and the claims of preferential creditors.

Claims of Creditors of the Issuer other than Secured Parties: Under English law, any creditor (who has not entered into non-petition clauses) would (save where an administrator has been appointed) be able to commence insolvency or winding up proceedings against the Issuer in respect of any unpaid debt.

Mortgagee in Possession Liability: There is a risk that the Security Trustee may be deemed to be a mortgagee in possession if it physically enters into possession of a Charged Property or performs an act of control or influence which may amount to possession, such as submitting a demand direct to tenants requiring them to pay rents to the Security Trustee. The consequence of being a mortgagee in possession would be that the Security Trustee may be obliged to account to a Borrower or an Eligible Group Member for the income obtained from the Charged Property, be liable for any damage to the Charged Property, have a limited liability to repair the Charged Property and, in certain circumstances, may be obliged to make improvements or incur financial liabilities in respect of the Charged Property. A mortgagee in possession may also be liable to a tenant for any mis-management of the relevant property and may incur liabilities to third parties in nuisance and negligence and, under certain statutes (including environmental legislation), the liabilities of a property owner. Pursuant to the Security Trust Deed the Issuer, the Borrowers and the Eligible Group Members, respectively, are required to indemnify the Security Trustee against all liabilities and expenses suffered or incurred by it and pursuant to the Loan Agreements, the Borrowers are (or will be) required to indemnify the Issuer and the Security Trustee on demand against any loss or liability incurred in connection with their respective Loan Agreement. The obligation to indemnify the Security Trustee may mean that there is a shortfall in funds available to pay all amounts due and owing under the Bonds and/or the Loan Agreements.

Moratorium: In order to protect the interest of tenants and to preserve the housing stock of a registered provider within the social housing sector and within the regulatory regime, a 28 working day moratorium on the disposal of land (including the enforcement of any security) by an insolvent non-profit Registered Provider of Social Housing will apply, upon certain steps being taken in relation to that provider such as presenting a winding up petition or appointing an administrator. The Regulator will then seek to agree proposals about the future ownership and management of the provider's land with its secured creditors. The moratorium procedure may adversely affect the Issuer's ability to enforce its security over the Charged Properties, as the procedure stipulates actions that must be taken by a secured creditor prior to that secured creditor being able to enforce its security and gives powers to the Regulator in respect of certain secured assets. This, in turn, could affect the Bond Trustee's ability to enforce its security against the Issuer under the Bond Trust Deed.

Risks Relating to the Market Generally

Potential Limited Liquidity: The Bonds may not have an established market when issued. There can be no assurance of a secondary market for the Bonds or the continued liquidity of such market if one develops. The development or continued liquidity of any secondary market for the Bonds will be affected by a number of factors such as the state of credit markets in general and the creditworthiness of the Raglan Group, as well as other factors such as the time remaining to the maturity of the Bonds.

Global economic disruption*:* In addition, Bondholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Bonds, concerns over the liquidity of major banks and building societies and the consequent effects on the general economy and the housing market. The Issuer cannot predict when these circumstances will change and, if and when they do, whether conditions of general market illiquidity for the Bonds and instruments similar to the Bonds will be available in the future.

Credit ratings may not reflect all risks: It is expected that the Bonds will be rated "Aa2" by Moody's. This rating may not reflect the potential impact of all risks related to the structure, market and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the assigning rating agency at any time. In particular, on 15th February, 2012, Moody's took action in respect of selected European sub-sovereign issuers (including amending the outlook for rated Registered Providers of Social Housing) due to influences on them from financial, operational and economic linkages with sovereign debt; the relevant ratings themselves remain unchanged. As with any rated entity, the rating of the Raglan Group (and, accordingly, the rating of the Bonds) may be susceptible to further adjustments (whether upward or downward) and, in particular, any adjustments which may be made as a result of a rating agency's methodology as applied to the Raglan Group.

Moody's is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). As such, Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.

PAYMENT BY INSTALMENTS

The issue price in respect of the Bonds will be payable in two instalments as follows:

(a) £500 of each £1,000 in nominal amount of the Bonds (the **Initial Instalment**) is due on the Issue Date; and

(b) £500 of each £1,000 in nominal amount of the Bonds (the **Final Instalment**, together with the Initial Instalment, the **Purchase Instalments**) is due on 18th December, 2012 (the **Final Instalment Payment Date**).

Words and expressions defined in "*Form of the Bonds and Summary of Provisions relating to the Bonds while in Global Form*" and "*Terms and Conditions of the Bonds*" shall have the same meanings in this section.

Upon payment of the Initial Instalment on the Issue Date, the Temporary Global Bond will be issued and delivered to a common safekeeper for Euroclear and Clearstream, Luxembourg in the aggregate nominal amount of £100,000,000. Euroclear and Clearstream, Luxembourg will credit as partly-paid, to each person who has subscribed and paid the Initial Instalment, an Outstanding Principal Amount of Bonds equal to the Outstanding Principal Amount of Bonds in respect of which such person has paid the Initial Instalment.

Upon receipt of the Final Instalment on the Final Instalment Payment Date from a person shown in its records as being entitled to a partly-paid Bond (an **Entitled Accountholder**):

(a) Euroclear and Clearstream, Luxembourg shall pay the same to the Issuer and credit as fully paid to such Entitled Accountholder the nominal amount of Bonds in respect of which the Final Instalment shall have been received; and

(b) the Principal Paying Agent (on behalf of the Issuer) shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment.

Payment of the Final Instalment will be made by Clearstream, Luxembourg or Euroclear on behalf of an Entitled Accountholder by debiting the account of such holder with Clearstream, Luxembourg or Euroclear.

Pursuant to the Agency Agreement, the Issuer shall give notice to Bondholders, in accordance with Condition 15 (*Notices*), not later than 5 Business Days prior to the Final Instalment Payment Date, that the Final Instalment is due on the Final Instalment Payment Date and Entitled Accountholders will be advised by Clearstream, Luxembourg or Euroclear not later than 5 Business Days prior to the Final Instalment Payment Date of requisite funding arrangements.

The Issuer is entitled to accept payment of the Final Instalment in respect of any Bond which has not yet been forfeited at any time after due date for payment. If the Entitled Accountholder fails to pay in full the Final Instalment on the due date for payment (i) the Entitled Accountholder's position in respect of its Bonds will be blocked in accordance with the procedures of Euroclear or Clearstream, Luxembourg until the Final Instalment is paid in full, and/or further notice from the Issuer, which will result in the Entitled Accountholder being unable to trade its Bonds and (ii) the Issuer may at any time after such failure elect to forfeit all or any of the Bonds in respect of which such amount has not been duly paid, whereupon the Issuer shall be entitled to retain any amount(s) already paid to it under such Bonds and shall be discharged from any obligation to repay such amount(s) or to pay interest in respect of the Bonds so forfeited, but shall have no other rights against any holders whose Bonds have been so forfeited. Upon such forfeiture, the Issuer shall procure that details of such forfeiture shall be entered *pro rata* in the records of Clearstream, Luxembourg or Euroclear, and upon any such entry being made, any forfeited Bonds shall be cancelled and the aggregate Outstanding Principal Amount of the Bonds represented by the Permanent Global Bond shall be reduced by such forfeited amounts.

For the avoidance of doubt, in respect of any Retained Bonds which are held by or on behalf of the Issuer as at the Final Instalment Payment Date, both Purchase Instalments shall have been deemed to have been paid on the due dates thereof.

FORM OF THE BONDS AND SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

Form of the Bonds

Form, Exchange and Payments

The Bonds will be in bearer new global note (**NGN**) form and will be initially issued in the form of a temporary global bond (a **Temporary Global Bond**) which will be delivered on or prior to the issue date of the Bonds to a common safekeeper for Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**).

The Bonds are intended upon issue to be deposited with The Bank of New York Mellon, London Branch as common safekeeper. Although the Bonds are issued in NGN form, this does not necessarily mean that the Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Bondholders should note that the European Central Bank has recently announced an intention to apply a temporary extension of Eurosystem eligibility to Sterling denominated securities. However, should this extension not become effective or cease at any time during the life of the Bonds, the Bonds will not be in a form which can be recognised as eligible collateral. In addition, in order for the Bonds to be recognised as eligible collateral, either Euroclear or Clearstream, Luxembourg would need to be appointed as common safekeeper in respect of the Bonds.

Whilst the Bonds are represented by the Temporary Global Bond, payments of principal, interest (if any) and any other amount payable in respect of the Bonds due prior to the Exchange Date (as defined below) will be made only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Global Bond are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after the Temporary Global Bond is issued, interests in the Temporary Global Bond will be exchangeable (free of charge) upon a request as described therein for interests recorded in the records of Euroclear or Clearstream, Luxembourg, as the case may be, in a permanent global bond (the **Permanent Global Bond** and, together with the Temporary Global Bond, the **Global Bonds**), against certification of beneficial ownership as described above unless such certification has already been given. The holder of the Temporary Global Bond will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Bond for an interest in the Permanent Global Bond is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on the Permanent Global Bond will be made through Euroclear and/or Clearstream, Luxembourg without any requirement for certification.

On each occasion of a payment in respect of a Global Bond the Principal Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment.

The Global Bonds will be exchangeable (free of charge), in whole but not in part, for definitive Bonds with principal receipts, interest coupons and talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 12) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Bond Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bonds represented by the relevant Global Bond in definitive form. The Issuer will promptly give notice to Bondholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Bond) or the Bond Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

Legend concerning United States persons

The following legend will appear on all Bonds and on all principal receipts and interest coupons relating to the Bonds:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on the Bonds, principal receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of the Bonds or interest coupons.

Summary of Provisions relating to the Bonds while in Global Form

Notices

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Bondholders (which includes, for this purpose, any Compliance Certificate, Security Adjustment Certificate or annual reports required to be made available pursuant to a request by any of the Bondholders pursuant to Condition 6.2 (*Information Covenants*)) may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders (as defined below) rather than by publication as required by Condition 15 (*Notices*). Any such notice shall be deemed to have been given to the holders of the Bonds on the second day after the day on which such notice was delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to be given by any Bondholder may be given to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

Accountholders

For so long as any of the Bonds is represented by a Global Bond held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Bonds (the **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated as the holder of such nominal amount of such Bonds for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Bonds, for which purpose the bearer of the relevant Global Bond shall be treated as the holder of such nominal amount of such Bonds in accordance with and subject to the terms of the relevant Global Bond and the expressions **Bondholder** and **holder of Bonds** and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Bonds as aforesaid, the Bond Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Bonds which are represented by a Global Bond will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

Failure by a holder of Bonds to pay the Final Instalment

If an Accountholder fails to pay the Final Instalment in respect of the Bonds held by it in full on the Final Instalment Payment Date, such failure will result in such Accountholder's position in respect of its Bonds being blocked in accordance with the procedures of Euroclear or Clearstream, Luxembourg, as the case may be, until such Final Instalment is paid in full, and/or further notice from the Principal Paying Agent, which will result in such Accountholder being unable to trade its Bonds.

The Issuer may at any time, in respect of any amounts of the Final Instalment which are due and unpaid, elect to forfeit all or any of the Bonds in respect of which such amount has not been duly paid. Upon such forfeiture, the Issuer shall be entitled to retain any amounts(s) paid to it under such Bonds and shall be discharged from any obligation to repay such amount(s) or to pay interest in respect of the Bonds so forfeited, but shall have no other rights against Accountholders whose Bonds have been so forfeited.

Upon such forfeiture, the Issuer shall procure that details of such forfeiture shall be entered in the records of the relevant Clearing Systems, and, upon any such entry being made, any forfeited Bonds shall be cancelled and the aggregate nominal amount and the aggregate Outstanding Principal Amount of the Bonds represented by the Global Bonds shall be reduced by such forfeited amounts.

Prescription

Claims against the Issuer in respect of principal and interest on the Bonds represented by a Global Bond will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 11 (*Prescription*)).

Instalment Redemption and Cancellation

Reduction of the Outstanding Principal Amount of any Global Bond following its redemption in one or more instalments, and cancellation of any Bond represented by a Global Bond and required by the Conditions of the Bonds to be cancelled following its final redemption, purchase or forfeiture will be effected by entry in the records of Euroclear or Clearstream, Luxembourg, as the case may be.

Bondholder Put Options

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, the options of the

Bondholders provided for in Condition 9.5 (*Bondholder Put Options*) may be exercised by an Accountholder giving notice to the Principal Paying Agent in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common safekeeper for them to the Principal Paying Agent by electronic means) of the exercise of such option and at the same time presenting or procuring the presentation of the relevant Global Bond to the Principal Paying Agent for notation accordingly within the time limits set forth in that Condition.

Partial Redemption

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, no selection of Bonds will be required under Condition 9.6 (*Notice of Early Redemption*) in the event that the Bonds are to be redeemed in part pursuant to Condition 9.2 (*Early Redemption*) or Condition 9.4 (*Mandatory Early Redemption*). In such event, the standard procedures of Euroclear and/or Clearstream, Luxembourg shall operate to determine which interests in the Global Bond(s) are to be subject to such redemption.

TERMS AND CONDITIONS OF THE BONDS

The following are the Terms and Conditions of the Bonds which will be endorsed on each Bond in definitive form (if issued).

The £100,000,000 5.034 per cent. Secured Bonds due 2042 (the **Bonds**) of Raglan Finance plc (the **Issuer**) are constituted by a Bond Trust Deed (such Bond Trust Deed as modified and/or supplemented and/or restated from time to time, the **Bond Trust Deed**) dated 20th September, 2012 made between the Issuer and Prudential Trustee Company Limited (the **Bond Trustee**, which expression shall include any successor as Bond Trustee) as trustee for the holders of the Bonds (the **Bondholders**), the holders of principal receipts appertaining to the Bonds (the **Receiptholders** and **Receipts** respectively) and the holders of the interest coupons appertaining to the Bonds (the **Couponholders** and the **Coupons** respectively, which expressions shall, unless the context otherwise requires, include the talons for further interest coupons (the **Talons**) and the holders of the Talons).

The Bonds have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 20th September, 2012 and made between the Issuer, the Bond Trustee, The Bank of New York Mellon, London Branch as principal paying agent (the **Principal Paying Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Copies of the Bond Trust Deed, the Agency Agreement, the Loan Agreements, the Security Agreements and the Security Trust Deed are available for inspection during normal business hours at the registered office for the time being of the Bond Trustee being at the date of the issue of the Bonds at Laurence Pountney Hill, London EC4R 0HH and at the specified office of each of the Paying Agents. The Bondholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Bond Trust Deed and the Agency Agreement. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Bond Trust Deed, which includes the form of the Bonds.

1. DEFINITIONS

Words and expressions defined in the Bond Trust Deed or the Agency Agreement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated.

In these Conditions:

Account Agreement means the Account Agreement dated 20th September, 2012 and made between the Issuer, the Bond Trustee and the Account Bank, as amended and/or supplemented and/or restated from time to time;

Account Bank means The Bank of New York Mellon, London Branch as account bank pursuant to the Account Agreement or any successor account bank appointed thereunder;

Accounting Profit has the meaning given to it in the Loan Agreements;

Additional Borrower means any entity which (i) is a charity; (ii) is a Registered Provider of Social Housing; and (iii) has acceded to the Security Trust Deed as a borrower;

Additional Loan Agreement means a loan agreement between the Issuer, an Additional Borrower and the Security Trustee;

Appointee means any attorney, manager, agent, delegate, nominee, custodian, receiver or other person appointed by the Bond Trustee under, or pursuant to, these Conditions or the Bond Trust Deed;

Asset Cover Test has the meaning given to it in the Loan Agreements;

Bondholder Specific Withholding means any withholding or deduction of Taxes which is required in respect of any payment in respect of any Bond, Receipt or Coupon:

(a) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of the Bond, Receipt or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Bond, Receipt or Coupon; or

(b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(c) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or

(d) presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Payment Day (as defined in Condition 8.5 (*Payment Day*));

Borrowers means the Original Borrower and any Additional Borrower, in each case for so long as it is a borrower under a Loan Agreement;

Borrower Default has the meaning given to it in the Loan Agreements;

Borrower Default Bondholder Put Option has the meaning given to it in Condition 9.5(b) (*Bondholder Put Options*);

Borrower Default Put Option Date has the meaning given to it in Condition 9.5(b) (*Bondholder Put Options*);

Cancelled Retained Proceeds has the meaning given to it in the Loan Agreements;

Change of Status Bondholder Put Option has the meaning given to it in Condition 9.5(a) (*Bondholder Put Options*);

Change of Status Put Option Date has the meaning given to it in Condition 9.5(a) (*Bondholder Put Options*);

Charged Disposal Proceeds means, at any time, the aggregate of all amounts (whether representing proceeds of disposal or other moneys) standing to the credit of the Disposal Proceeds Account and, to the extent invested in Permitted Investments in accordance with the Custody Agreement, such Permitted Investments and any income received by the Issuer in respect of such Permitted Investments, provided however that, for the purpose of determining the compliance of the Borrowers with the Asset Cover Test, the value to be attributed to such Permitted Investments shall be the purchase price thereof;

Charitable Group Member means a charitable member of the Raglan Group which is connected with the Original Borrower for the purposes of section 939G of the Corporation Tax Act 2010;

Commitment has the meaning given to it in the Loan Agreements;

Compliance Certificate has the meaning given to it in the Loan Agreements;

Custodian means The Bank of New York Mellon, London Branch as custodian pursuant to the Custody Agreement or any successor custodian appointed thereunder;

Custody Account means the account of the Issuer set up with the Custodian in respect of the Permitted Investments in accordance with the Custody Agreement;

Custody Agreement means the Custody Agreement dated 20th September, 2012 and made between the Issuer, the Bond Trustee and the Custodian, as amended and/or supplemented and/or restated from time to time;

Disposal Proceeds Account means the account of the Issuer set up with the Account Bank in respect of the Charged Disposal Proceeds in accordance with the Account Agreement;

Eligible Group Member means any entity which, unless otherwise approved by the Security Trustee, is (i) a member of the Raglan Group; and (ii) a Registered Provider of Social Housing and which, in each case, has created (and which is subsisting) or will create security pursuant to the Security Trust Deed;

Initial Cash Security Account means the account of the Issuer set up with the Account Bank in respect of the Retained Proceeds in accordance with the Account Agreement;

Instalment Redemption Date has the meaning given to it in Condition 9.1 (*Redemption in Instalments*);

Issue Date means 20th September, 2012;

Issuer Charged Property has the meaning given to it in Condition 4;

Issuer Security has the meaning given to it in Condition 4;

Loans means the Raglan Housing Association Loan and the nominal amount of each Commitment which has been advanced to an Additional Borrower pursuant to the terms of an Additional Loan Agreement or the outstanding balance thereof for the time being (ignoring, for these purposes, any Actual Advance Amount or Retained Bond Actual Advance Amount (each as defined in the Raglan Housing Association Loan Agreement));

Loan Agreements means the Raglan Housing Association Loan Agreement and each Additional Loan Agreement;

Loan Payment Day means a day on which principal or interest in respect of a Loan is due and payable by a Borrower to the Issuer in accordance with the terms of a Loan Agreement;

Maturity Date means 20th September, 2042, being the final Instalment Redemption Date;

Original Borrower means Raglan Housing Association Limited;

Outstanding Principal Amount means, in respect of each Bond, its paid up nominal amount as reduced from time to time pursuant to Condition 9.1 (*Redemption in Instalments*);

Permitted Investments has the meaning given to it in the Loan Agreements;

Permitted Investment Profit means, in respect of any sale of Permitted Investments, the amount by which the sale price of such Permitted Investments exceeds the original purchase price of such Permitted Investments (if any);

Permitted Reorganisation has the meaning given to it in the Loan Agreements;

Potential Event of Default means any act, event or circumstance which with the expiry of a grace period, the giving of notice, determination of materiality or other determination would constitute an Event of Default;

Raglan Group means the Original Borrower and any other present or future, direct or indirect, subsidiaries of the Original Borrower (which includes, for the avoidance of doubt, any entity with which any Borrower and/or any Eligible Group Member may merge or be consolidated with at any time including as a result of a Permitted Reorganisation);

Raglan Housing Association Loan Agreement means the loan agreement dated on or about the Issue Date between the Issuer, the Original Borrower and the Security Trustee;

Registered Provider of Social Housing means a person listed in the register of providers of social housing established under Chapter 3 of Part 2 of the Housing and Regeneration Act 2008 (as amended from time to time) or any replacement or successor legislation thereto;

Relevant Date means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Bond Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Bondholders by the Issuer in accordance with Condition 15 (*Notices*);

Relevant Jurisdiction means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Bonds, Receipts or Coupons;

Retained Bond Premium Amount means, in respect of any sale by the Issuer of Retained Bonds, the amount by which the net sale price of such Retained Bonds exceeds the nominal amount of such Retained Bonds (if any);

Retained Bond Custodian means The Bank of New York Mellon, London Branch as custodian pursuant to the Retained Bond Custody Agreement or any successor custodian appointed thereunder;

Retained Bond Custody Agreement means the custody agreement relating to the Retained Bonds dated 20th September, 2012 and made between the Issuer, the Bond Trustee and the

Retained Bond Custodian, as amended and/or supplemented and/or restated from time to time;

Retained Bonds means £50,000,000 in nominal amount of the Bonds purchased by the Issuer on the Issue Date;

Retained Proceeds means, at any time, (a) an amount of the net issue proceeds of the Bonds (other than the Retained Bonds) which have not been advanced to a Borrower pursuant to a Loan Agreement at such time (if any) plus (b) an amount of the net sale proceeds of the Retained Bonds (less any Retained Bond Premium Amount) which are not advanced to a Borrower pursuant to a Loan Agreement immediately following receipt thereof by the Issuer and have not subsequently been advanced to a Borrower (if any);

Secured Parties means the Bond Trustee (for itself and on behalf of the Bondholders, the Receiptholders and Couponholders), the Principal Paying Agent, the other Paying Agents, the Account Bank, the Custodian and the Retained Bond Custodian;

Security Adjustment Certificate has the meaning given to it in the Loan Agreements;

Security Agreements means (a) the Security Agreement dated 20th September, 2012 and made between the Original Borrower and the Security Trustee pursuant to which the Original Borrower provides security in respect of its obligations under the Raglan Housing Association Loan Agreement; and (b) any additional security agreement entered into between a Borrower or an Eligible Group Member and the Security Trustee substantially in the form set out in the Security Trust Deed pursuant to which such Borrower or Eligible Group Member provides security in respect of a Borrower's obligations under a Loan Agreement;

Security Trust Deed means the Security Trust Deed dated 20th September, 2012 between, *inter alios*, the Original Borrower and the Security Trustee (as amended from time to time);

Security Trustee means Prudential Trustee Company Limited as security trustee under the Security Trust Deed for, *inter alios*, the Issuer;

Taxes has the meaning given to it in Condition 10.1 (*Payments without withholding*);

Transaction Account means the account of the Issuer set up with the Account Bank in respect of the Bonds in accordance with the Account Agreement;

Transaction Documents means the Loan Agreements, the Bond Trust Deed, the Security Trust Deed, the Agency Agreement, the Account Agreement, the Custody Agreement and the Retained Bond Custody Agreement;

Transaction Parties means any person who is party to a Transaction Document;

UK Government Gilt means Sterling denominated gilts or stock issued by or on behalf of Her Majesty's Treasury;

Undrawn Commitment has the meaning given to it in the Loan Agreements;

Valuation has the meaning given to it in the Loan Agreements; and

Valuer has the meaning given to it in the Loan Agreements.

2. FORM, DENOMINATION AND TITLE

The Bonds are in bearer form, serially numbered, in the denomination of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000, with Receipts, Coupons and Talons attached on issue. No Bonds will be issued with a denomination above £199,000.

Title to the Bonds, Receipts and Coupons will pass by delivery. The Issuer, any Paying Agent and the Bond Trustee will (except as otherwise required by law) deem and treat the bearer of any Bond, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.

3. STATUS

The Bonds, Receipts and Coupons are direct obligations of the Issuer, secured in the manner set out in Condition 4 (*Security*), and rank *pari passu* without preference or priority amongst themselves.

4. SECURITY

The Issuer's obligations in respect of the Bonds are secured (subject as provided in these Conditions and the Bond Trust Deed) pursuant to the Bond Trust Deed in favour of the Bond Trustee for the benefit of itself and the Bondholders and the other Secured Parties as follows:

(a) by an assignment by way of security of the Issuer's rights, title and interest arising under the Loan Agreements, the Security Trust Deed, the Security Agreements, the Agency Agreement, the Custody Agreement and the Account Agreement, in each case to the extent they relate to the Bonds;

(b) by a charge by way of first fixed charge over all moneys and/or securities from time to time standing to the credit of the Transaction Account, the Disposal Proceeds Account, the Initial Cash Security Account and the Custody Account and all debts represented thereby; and

(c) by a charge by way of first fixed charge over all sums held from time to time by the Paying Agents for the payment of principal or interest in respect of the Bonds.

The property charged and assigned pursuant to the Bond Trust Deed listed in (a) to (c) above, together with any other property or assets held by and/or assigned to the Bond Trustee and/or any deed or document supplemental thereto, is referred to herein as the **Issuer Charged Property** and the security created thereby, the **Issuer Security**.

5. ORDER OF PAYMENTS

5.1 Pre-enforcement

Prior to the enforcement of the Issuer Security, the Issuer shall apply the monies standing to the credit of the Transaction Account on each Interest Payment Date and such other dates on which a payment is due in respect of the Bonds in the following order of priority (the **Pre-enforcement Priority of Payment**):

(a) first, in payment of any taxes due and owing by the Issuer to any taxing authority (insofar as they relate to the Bonds);

(b) second, in payment of any unpaid fees, costs, charges, expenses and liabilities incurred by the Bond Trustee (including remuneration payable to it and any Appointee) in carrying out its functions under the Bond Trust Deed;

(c) third, in payment of any unpaid fees, expenses and liabilities of the Issuer owing to the Paying Agents under the Agency Agreement, the Account Bank under the Account Agreement, the Custodian under the Custody Agreement and the Retained Bond Custodian under the Retained Bond Custody Agreement on a *pro rata* and *pari passu* basis;

(d) fourth, in payment of any other unpaid fees, expenses and liabilities of the Issuer (in so far as they relate to the Bonds) on a *pro rata* and *pari passu* basis;

(e) fifth, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any interest due and payable in respect of the Bonds;

(f) sixth, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any principal due and payable in respect of the Bonds;

(g) seventh, in payment, on a *pro rata* and *pari passu* basis, to the Borrowers of any amounts due and payable under the terms of the Loan Agreements; and

(h) eighth, in payment of any Permitted Investment Profit, Accounting Profit or Retained Bond Premium Amount, as the case may be, to any Charitable Group Member.

5.2 Post-enforcement

Following the enforcement of the Issuer Security, all monies standing to the credit of the Transaction Account, the Disposal Proceeds Account and the Initial Cash Security Account and the net proceeds of enforcement of the Issuer Security shall be applied in the following order of priority (the **Post-enforcement Priority of Payment**):

(a) first, in payment or satisfaction of the fees, costs, charges, expenses and liabilities incurred by the Bond Trustee, any Appointee or any receiver in preparing and executing the trusts under the Bond Trust Deed (including the costs of realising any Issuer Security and the Bond Trustee's and such receiver's remuneration);

(b) second, in payment of all amounts owing to the Paying Agents under the Agency Agreement, the Account Bank under the Account Agreement, the Custodian under the Custody Agreement and the Retained Bond Custodian under the Retained Bond Custody Agreement on a *pro rata* and *pari passu* basis;

(c) third, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any interest due and payable in respect of the Bonds;

(d) fourth, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any principal due and payable in respect of the Bonds;

(e) fifth, in payment of any other unpaid fees and expenses of the Issuer (in each case insofar as they relate to the Bonds) on a *pro rata* and *pari passu* basis;

(f) sixth, in payment, on a *pro rata* and *pari passu* basis, to the Borrowers of any amounts due and payable under the terms of the Loan Agreements; and

(g) seventh, in payment of any Permitted Investment Profit, Accounting Profit or Retained Bond Premium Amount, as the case may be, to any Charitable Group Member.

6. COVENANTS

6.1 General Covenants

In addition to the covenants of the Issuer set out in the Bond Trust Deed, for so long as any of the Bonds remain outstanding, the Issuer covenants that it will not, without the consent in writing of the Bond Trustee, engage in any activity or do anything other than:

(a) carry out the business of a company which has as its purpose raising finance and on-lending such finance for the benefit of the Borrowers (including, without limitation, as envisaged by the Transaction Documents); and

(b) perform any act incidental to or necessary in connection with (a) above.

The Issuer also covenants, for so long as any of the Bonds remain outstanding, not to create or permit to subsist, over any of the security constituted by or created pursuant to the Bond Trust Deed, any mortgage or charge or any other security interest ranking in priority to, or *pari passu* with, the security created by or pursuant to the Bond Trust Deed.

6.2 Information Covenants

For so long as any of the Bonds remain outstanding, the Issuer shall:

(a) send to the Bond Trustee and, upon request by any Bondholder to the Issuer, make available to such Bondholder at the Issuer's registered office during normal business hours, a copy of the Compliance Certificates (and, subject to the consent of the relevant Valuer(s), the Valuation(s) delivered for the purpose of preparing such Compliance Certificates) and the Security Adjustment Certificates promptly upon receipt of the same from the Borrowers pursuant to the terms of their respective Loan Agreements;

(b) send to the Bond Trustee and, upon request by any Bondholder to the Issuer, make available to such Bondholder at the Issuer's registered office during normal business hours, a copy of the consolidated annual reports of the Original Borrower promptly upon publication of the same by the Original Borrower; and

(c) at the request of Bondholders holding not less than £10,000,000 in nominal amount of the Bonds for the time being outstanding, convene a meeting of the Bondholders to discuss the financial position of the Issuer and the Raglan Group. Upon the request of Bondholders to convene any such meeting, as aforesaid, the Issuer shall notify all Bondholders of the date (which such date shall be no more than 21 days following such request), time and place of the meeting in accordance with Condition 15 (*Notices*). The Issuer shall act in good faith in addressing any questions regarding the financial position of itself or any other member of the Raglan Group raised at any such meeting, provided, however, that the Issuer shall not be obliged to disclose any information which it, in its absolute discretion, considers to be of a confidential nature. For the avoidance of doubt, the provisions of this Condition 6.2(c) are in addition to the meetings provisions set out in Condition 17 (*Meetings of Bondholders, Modification and Waiver*).

6.3 Loan Agreements, Security Agreements and Security Trust Deed Consents Covenant

For so long as any of the Bonds remain outstanding, the Issuer covenants that it shall not consent to any waiver, amendment or modification of, or take any action or direct the Security Trustee to take any action pursuant to, the Loan Agreements, the Security Agreements or the Security Trust Deed except with the prior consent of the Bond Trustee. The Bond Trustee may seek the consent of the Bondholders in accordance with the Bond Trust Deed prior to giving any such consent.

7. INTEREST

7.1 Interest Rate and Interest Payment Dates

The Bonds bear interest on the Outstanding Principal Amount from (and including) 20th September, 2012 at the rate of 5.034 per cent. per annum, payable semi-annually in arrear on 20th March and 20th September in each year (each, an **Interest Payment Date**). Subject to this Condition 7, in respect of the first Interest Payment Date occurring on 20th March, 2013 the Bonds will bear interest of £18.83 in respect of each £1,000 in nominal amount of the Bonds.

7.2 Interest Accrual

Each Bond will cease to bear interest from (and including) its due date for redemption unless, upon due presentation, payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Bond Trust Deed.

7.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full half year, it shall be calculated on the basis of (a) the actual number of days in the period from (and including) the date from which interest begins to accrue (the **Accrual Date**) to (but excluding) the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to (but excluding) the next following Interest Payment Date multiplied by 2, and multiplying this by the rate of interest specified in Condition 7.1 above and the relevant Outstanding Principal Amount of the Bonds.

8. PAYMENTS

8.1 Payments in respect of Bonds, Receipts and Coupons

Subject as follows, payments of principal and interest in respect of each Bond will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Bond.

Payments of interest on an Interest Payment Date will be made against presentation and surrender (or in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

Payments of instalments of principal on an Instalment Payment Date (other than the Instalment Payment Date falling on the Maturity Date) will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Receipt, in each case at the specified office outside the United States of any of the Paying Agents. Each Receipt must be presented for payment together with the Bond to which it appertains.

Receipts presented without the Bond to which they appertain do not constitute valid obligations of the Issuer.

8.2 Method of Payment

Payments will be made by credit or transfer to an account in Sterling maintained by the payee with, or, at the option of the payee, by a cheque in Sterling drawn on, a bank in London.

8.3 Missing Unmatured Receipts or Coupons

Each Bond should be presented for payment together with all relative unmatured Receipts or Coupons (which expression shall, for the avoidance of doubt, include Coupons falling to be issued on exchange of matured Talons), failing which the full amount of any relative missing unmatured Receipt or Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Receipt or Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Receipt or Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 11 (*Prescription*)) in respect of the relevant Bond (whether or not the Receipt or Coupon would otherwise have become void pursuant to Condition 11 (*Prescription*)) or, if later, five years after the date on which the Receipt or Coupon would have become due, but not thereafter.

8.4 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Bonds are subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.

8.5 Payment Day

If the date for payment of any amount in respect of any Bond, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, **Payment Day** means any day which (subject to Condition 11 (*Prescription*)):

(a) is, or falls after, the relevant due date;

(b) is, or falls at least one Business Day after, the corresponding Loan Payment Day;

(c) is a Business Day in the place of the specified office of the Paying Agent at which the Bond, Receipt or Coupon is presented for payment; and

(d) in the case of payment by a credit or transfer to a Sterling account in London as referred to above, is a Business Day in London.

In this Condition, **Business Day** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place.

8.6 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Bond Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

(a) there will at all times be a Principal Paying Agent;

(b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city which so long as the Bonds are admitted to official listing on the London Stock Exchange shall be London or such other place as the UK Listing Authority may approve; and

(c) the Issuer undertakes to maintain a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any termination or appointment and of any changes in specified offices will be given to the Bondholders promptly by the Issuer in accordance with Condition 15 (*Notices*).

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Bond Trustee and do not assume any obligation to, or relationship of agency or trust with, any Bondholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

8.7 Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Bonds shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 10 (*Taxation*); and

(b) any specific redemption price referred to in Condition 9 (*Redemption and Purchase*) which may be payable by the Issuer under or in respect of the Bonds.

Any reference in these Conditions to interest in respect of the Bonds shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 10 (*Taxation*).

9. REDEMPTION AND PURCHASE

9.1 Redemption in Instalments

Unless previously redeemed, or purchased and cancelled, the Bonds (assuming them to be fully paid up) will be redeemed in ten equal annual instalments (each a **Redemption Instalment**) of £100 per £1,000 in original nominal amount on each Interest Payment Date falling on 20th September in each year from, and including, 20th September, 2033 to, and including, the Maturity Date.

9.2 Early Redemption

Subject to Condition 9.4 (*Mandatory Early Redemption*) below, if in accordance with a Loan Agreement, a Borrower elects to prepay its Loan in whole or in part prior to the repayment date specified in the relevant Loan Agreement or the relevant Loan otherwise becomes prepayable in whole or in part prior to the repayment date specified in the relevant Loan Agreement (other than as a result of the Bonds becoming due and repayable), then, (if no replacement Commitment is put in place with another Borrower), the Issuer shall redeem the Bonds in whole or, in respect of a prepayment in part, in an aggregate Outstanding Principal Amount equal to the nominal amount of the relevant Loan to be repaid on the date which is two Business Days after that on which payment is made by the relevant Borrower under the relevant Loan Agreement (the **Loan Prepayment Date**).

Redemption of the Bonds pursuant to this Condition 9.2 shall be made at the higher of the following:

(a) their Outstanding Principal Amount; and

(b) the amount (as calculated by a financial adviser nominated by the Issuer and approved by the Bond Trustee (the **Nominated Financial Adviser**) and reported in writing to the Issuer and the Bond Trustee) which is equal to the Outstanding Principal Amount of the Bonds to be redeemed multiplied by the price (expressed as a percentage and calculated by the Nominated Financial Adviser) (rounded to three decimal places (0.0005 being rounded upwards)) at which the Gross Redemption Yield on the Bonds (if the Bonds were to remain outstanding until their original maturity) on the Determination Date would be equal to the Gross Redemption Yield at 3:00 pm (London time) on the Determination Date of the Benchmark Gilt,

together with any interest accrued up to (but excluding) the Loan Prepayment Date.

For the purposes of this Condition:

Benchmark Gilt means the 4¼% Treasury Stock 2036 or such other conventional (i.e. not index-linked) UK Government Gilt as the Issuer (with the advice of the Nominated Financial Adviser) may determine (failing such determination, as determined by the Bond Trustee with such advice) to be the most appropriate benchmark conventional UK Government Gilt;

Determination Date means three Business Days prior to the Loan Prepayment Date; and

Gross Redemption Yield means a yield calculated by the Nominated Financial Adviser on the basis set out by the United Kingdom Debt Management Office in the paper "*Formulae for Calculating Gilt Prices from Yields*" page 5, Section One: Price/Yield Formulae (Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date) (published on 8th June, 1998 and updated on 15th January, 2002 and 16th March, 2005) (as amended or supplemented from time to time).

9.3 Early Redemption for Tax Reasons

If as a result of any actual or proposed change in tax law, the Issuer determines (in its reasonable commercial judgement), and certifies to the Bond Trustee, that it would, on the next following Interest Payment Date, be required to make a withholding or deduction in respect of payments to be made on such Interest Payment Date (other than in respect of a Bondholder Specific Withholding) and the Issuer does not opt to pay additional amounts pursuant to Condition 10.2 (*No obligation to pay additional amounts*) or, having so opted, notifies the Bond Trustee and the Bondholders, in accordance with Condition 15 (*Notices*), of its intention to cease paying such additional amounts, the Issuer shall redeem the Bonds in whole, but not in part, at their Outstanding Principal Amount, plus accrued interest to (but excluding) the date of redemption, as soon as reasonably practicable prior to the next following Interest Payment Date or, if it is not reasonably practicable for the Issuer to redeem the Bonds prior to the next following Interest Payment Date, within three Business Days thereafter. For the avoidance of doubt, any amounts in respect of accrued interest which fall due on any such redemption of the Bonds (and, where the redemption follows the next following Interest Payment Date, such Interest Payment Date) shall be paid subject to the required withholding or deduction and the Issuer shall not be obliged to pay any additional amounts in respect thereof.

9.4 Mandatory Early Redemption

If a Loan becomes repayable as a result of a Borrower Default then (unless the Issuer has increased the Commitment of another Borrower by the relevant amount of the Loan to be repaid within 14 days of the date of such Borrower Default) the Issuer shall redeem the Bonds in an aggregate Outstanding Principal Amount equal to the nominal amount of the relevant Loan at their Outstanding Principal Amount, plus accrued interest to (but excluding) the date of redemption of the Bonds, no later than (i) 14 days following the date of such Borrower Default or, if later, (ii) two Business Days following the date on which the Loan is repaid.

9.5 Bondholder Put Options

(a) Change of Borrower Status

On the Change of Status Put Option Date, the Issuer shall procure that a member of the Raglan Group purchases the Relevant Proportion of Bonds in respect of which the relevant Bondholders have exercised the Change of Status Bondholder Put Option (as adjusted pursuant to (i) and/or (ii) below), at their Outstanding Principal Amount plus an amount equal to accrued interest to (but excluding) the Change of Status Put Option Date.

The Issuer shall notify the Bondholders in accordance with Condition 15 (*Notices*) promptly upon a Borrower ceasing to be a Registered Provider of Social Housing for a period of 180 consecutive days. Any Bondholder shall have the option (the **Change of Status Bondholder Put Option**), within 30 days of such notice, to give an irrevocable notice to the Issuer requiring the Issuer to procure that a member of the Raglan Group purchases on the day falling 45 days after the date on which the Issuer gave its notice specified above (the **Change of Status Put Option Date**) a pro rata proportion of the Bonds held by such Bondholder equal to the proportion which the outstanding nominal amount of such Borrower's Loan bears to the outstanding nominal amount of all Borrowers' Loans as of the Change of Status Put Option Date (the **Relevant Proportion of Bonds**), except that (i) where the Relevant Proportion of Bonds exceeds 95 per cent. the Issuer shall procure that a member of the Raglan Group purchases all of the Bonds owned by such Bondholder on the Change of Status Put Option Date and (ii) subject to (i) above, where the Relevant Proportion of Bonds equates to a nominal amount of Bonds that is not a multiple of £100,000, the nominal amount of the Bonds subject to the Change of Status Bondholder Put Option will be rounded down to the nearest £100,000 in nominal amount.

Subject to (ii) above, the Change of Status Bondholder Put Option may not be exercised in respect of part only of the Relevant Proportion of Bonds.

(b) Borrower Default

On the Borrower Default Put Option Date, the Issuer shall procure that a member of the Raglan Group purchases all Bonds of each Bondholder which has exercised the Borrower Default Bondholder Put Option, at their Outstanding Principal Amount plus an amount equal to accrued interest to (but excluding) the Borrower Default Put Option Date.

Any Bondholder shall have the option (the **Borrower Default Bondholder Put Option**) to give an irrevocable notice to the Issuer requiring the Issuer to procure that a member of the Raglan Group purchases, on the day falling 45 days after the Borrower Default Put Option Exercise Date (the **Borrower Default Put Option Date**), all of the Bondholder's remaining Bonds.

Borrower Default Put Option Exercise Date means, in respect of any Borrower Default, 14 days following the date of such Borrower Default, provided that the Issuer has not increased the Commitment of another Borrower by the relevant amount of the Loan to be repaid within 14 days of the date of such Borrower Default.

9.6 Notice of Early Redemption

Notice of any early redemption in accordance with Condition 9.2 (*Early Redemption*), Condition 9.3 (*Early Redemption for Tax Reasons*) or Condition 9.4 (*Mandatory Early Redemption*) above shall be given by the Issuer to the Bond Trustee, the Paying Agents and the Bondholders, in accordance with Condition 15 (*Notices*), as promptly as practicable.

In the case of a partial redemption of Bonds, Bonds to be redeemed will be selected in such place as the Bond Trustee may approve and in such manner and at such time as the Bond Trustee may deem appropriate and fair. Notice of any such selection will be given by the Issuer to the Bondholders as promptly as practicable. Each notice will specify the date fixed for redemption, the early redemption amount and the aggregate Outstanding Principal Amount of the Bonds to be redeemed, the serial numbers of the Bonds called for redemption, the serial numbers of Bonds previously called for redemption and not presented for payment and the aggregate Outstanding Principal Amount of the Bonds which will be outstanding after the partial redemption.

9.7 Calculations

Each calculation, by or on behalf of the Issuer, for the purposes of this Condition 9 shall, in the absence of manifest error, be final and binding on all persons. If the Issuer does not at any time for any reason calculate amounts referred to in this Condition 9, such amounts may be calculated by the Bond Trustee, or an agent appointed (at the expense of the Issuer) by the Bond Trustee for this purpose, (without any liability accruing to the Bond Trustee as a result) based on information supplied to it by the Issuer and each such calculation shall be deemed to have been made by the Issuer.

9.8 Purchase of Bonds by a Borrower or an Eligible Group Member

A Borrower or an Eligible Group Member may at any time purchase Bonds in the open market or otherwise at any price. Following any such purchase or following any purchase of any Bonds in accordance with Condition 9.5 (*Bondholder Put Options*) pursuant to the exercise of the Change of Status Bondholder Put Option or the Borrower Default Bondholder Put Option by one or more Bondholders, such Borrower or Eligible Group Member may (but is not obliged to) surrender the Bonds to the Issuer for cancellation. An amount equal to the Outstanding Principal Amount of the Bonds being surrendered shall be deemed to be prepaid under the Loan Agreement specified by such Borrower or Eligible Group Member (but, for the avoidance of doubt, without triggering a redemption under Condition 9.2 (*Early Redemption*)) or, to the extent that the relevant Loan is not then outstanding, an amount of the Undrawn Commitment of the relevant Borrower equal to the Outstanding Balance of the Bonds surrendered shall be deemed to be cancelled for the purposes of such Loan Agreement and an amount of Retained Proceeds equal to the Cancelled Retained Proceeds shall be paid by the Issuer to such Borrower or Eligible Group Member, as applicable.

9.9 Purchase of Bonds by the Issuer

The Issuer shall purchase the Retained Bonds on 20th September, 2012 and may at any time purchase Bonds in the open market or otherwise at any price.

9.10 Cancellation of purchased or redeemed Bonds

All Bonds redeemed by the Issuer pursuant to Condition 9.2 (*Early Redemption*), Condition 9.3 (*Early Redemption for Tax Reasons*) or Condition 9.4 (*Mandatory Early Redemption*) or surrendered to the Issuer for cancellation pursuant to Condition 9.8 (*Purchase of Bonds by a Borrower*) shall be cancelled and may not be issued or resold.

The Issuer (a) may cancel any Retained Bonds held by it or on its behalf following a request by a Borrower, pursuant to a Loan Agreement, to cancel a corresponding amount of such Borrower's Undrawn Commitment; (b) shall cancel all Retained Bonds held by or on behalf of the Issuer (i) immediately prior to such Retained Bonds being redeemed on the Maturity Date and (ii) forthwith upon notice that the Bonds are to be redeemed (and, in any event, prior to such redemption) in accordance with Condition 9.3 (*Early Redemption for Tax Reasons*) or Condition 12 (*Events of Default and Enforcement*); and (iii) on the date falling four years after the Issue Date; (c) shall, forthwith upon notice that the Bonds are to be redeemed in full or in part in accordance with Condition 9.4 (*Mandatory Early Redemption*)**,** cancel Retained Bonds held by or on behalf of the Issuer in an aggregate Outstanding Principal Amount equal to the nominal amount of the Undrawn Commitment (if any) of the relevant Borrower whose Loan has become repayable; and (d) may cancel any Bonds (other than Retained Bonds) held by it or on its behalf at any time at its discretion.

10. TAXATION

10.1 Payments without withholding

All payments of principal and interest in respect of the Bonds, Receipts and Coupons by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Relevant Jurisdiction, unless such withholding or deduction is required by law in which case the relevant payment will be made subject to such withholding or deduction.

10.2 No obligation to pay additional amounts

Subject as follows, neither the Issuer, the Bond Trustee nor any Paying Agent shall be obliged to pay any additional amounts to the Bondholders, Receiptholders or Couponholders as a result of any withholding or deduction made in accordance with Condition 10.1 (*Payments without withholding*).

Notwithstanding the foregoing, in the event that the Issuer would, on the next Interest Payment Date, be required to make a withholding or deduction in respect of tax (other than in respect of a Bondholder Specific Withholding), the Issuer may, provided that it has given notice to the Bond Trustee and the Bondholders, in accordance with Condition 15 (*Notices*), of its intention to do so prior to such Interest Payment Date, pay to Bondholders such additional amounts as may be necessary in order that the net amounts received by the Bondholders after such withholding or deduction will equal the amounts of principal and interest which would have been received in respect of the Bonds in the absence of such withholding or deduction. If at any time the Issuer intends to cease paying such additional amounts it may do so by giving notice to the Bondholders and the Bond Trustee of its intention to do so with effect from the next Interest Payment Date.

11. PRESCRIPTION

The Bonds, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 8 (*Payments*) or any Talon which would be void pursuant to Condition 8 (*Payments*).

12. EVENTS OF DEFAULT AND ENFORCEMENT

12.1 Events of Default

The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least one-fourth in Outstanding Principal Amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being secured and/or indemnified and/or pre-funded to its satisfaction), (but in the case of the happening of any of the events described in paragraphs 12.1(b), (c) and (i) below, only if the Bond Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Bondholders), give notice in writing to the Issuer that the Bonds are, and the Bonds shall thereupon immediately become, due and repayable at their Outstanding Principal Amount together with accrued interest as provided in the Bond Trust Deed if any of the following events (each an **Event of Default**) shall occur:

(a) if default is made in the payment of any principal or interest due in respect of the Bonds or any of them and the default continues for a period of seven days in the case of principal and fourteen days in the case of interest; or

(b) if the Issuer fails to perform or observe any of its other obligations under, or in respect of, the Conditions or the Bond Trust Deed or if any representation given by the Issuer to the Bond Trustee in the Bond Trust Deed is found to be untrue, incorrect or misleading as at the time it was given and (except in any case where, in the opinion of the Bond Trustee, the failure or inaccuracy is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure or inaccuracy continues for the period of 30 days next following the service by the Bond Trustee on the Issuer of notice requiring the same to be remedied; or

(c) (A) any other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds £10,000,000 or its equivalent in other currencies (as reasonably determined by the Bond Trustee); or

(d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer save for the purposes of reorganisation on terms previously approved in writing by the Bond Trustee or by an Extraordinary Resolution; or

(e) if the Issuer ceases or threatens to cease to carry on the whole or, in the opinion of the Bond Trustee, substantially all of its business, save for the purposes of reorganisation on terms previously approved in writing by the Bond Trustee or by an Extraordinary Resolution; or

(f) if the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(g) if (A) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, liquidator, manager, administrator or other similar official, or an administrative or other receiver, liquidator, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to all or substantially all of the Issuer's undertaking or assets, or an encumbrancer takes possession of all or substantially all of the Issuer's undertaking or assets, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against all or substantially all of the Issuer's undertaking or assets and (B) in any case (other than the appointment of an administrator) is not discharged within 14 days; or

(h) if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

(i) if it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Bonds, the Bond Trust Deed or any Loan Agreement.

12.2 Enforcement

The Bond Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps or action (including lodging an appeal in any proceedings) against or in relation to the Issuer as it may think fit to enforce the provisions of the Bond Trust Deed, the Bonds, the Receipts, the Coupons and/or any of the other Transaction Documents or otherwise, but it shall not be bound to take any such proceedings or other steps or action unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-fourth in Outstanding Principal Amount of the Bonds then outstanding and (ii) it shall have been secured and/or indemnified and/or pre-funded to its satisfaction.

The Bond Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Bond Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

No Bondholder, Receiptholder, Couponholder or any Secured Party (other than the Bond Trustee) shall be entitled to (i) take any steps or action against the Issuer to enforce the performance of any of the provisions of the Bond Trust Deed, the Bonds, the Receipts, the Coupons or any of the other Transaction Documents or (ii) take any other action (including lodging an appeal in any proceedings) in respect of or concerning the Issuer, in each case unless the Bond Trustee, having become bound so to take any such steps, actions or proceedings, fails so to do within a reasonable period and the failure shall be continuing.

13. REPLACEMENT OF BONDS, RECEIPTS, COUPONS AND TALONS

Should any Bond, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (subject to all applicable laws and the requirements of the UK Listing Authority or the London Stock Exchange) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Bonds, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

14. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Bond to which it appertains) a further Talon, subject to the provisions of Condition 11 (*Prescription*).

15. NOTICES

All notices regarding the Bonds will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bonds are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If, in the opinion of the Bond Trustee, publication as provided above is not practicable, a notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe.

Notices to be given by any Bondholder shall be in writing and given by lodging the same, together with the relative Bond or Bonds, with the Principal Paying Agent.

Couponholders and Receiptholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of the Bonds in accordance with this Condition 15 (*Notices*).

16. SUBSTITUTION

The Bond Trust Deed contains provisions permitting the Bond Trustee to, subject to any required amendment of the Bond Trust Deed, without the consent of the Bondholders, Receiptholders or the Couponholders or any Secured Party, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Bonds, the Receipts, the Coupons and the Bond Trust Deed of another company, industrial and provident society or other entity subject to:

(a) the Bond Trustee being satisfied that the interests of the Bondholders will not be materially prejudiced by the substitution; and

(b) certain other conditions set out in the Bond Trust Deed being complied with.

Any such substitution shall be notified to the Bondholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

17. MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER

17.1 Meetings of Bondholders

The Bond Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds, the Receiptholders, the Coupons or any of the provisions of the Bond Trust Deed (as more particularly described in the Bond Trust Deed). Such a meeting may be convened by the Issuer or the Bond Trustee and shall be convened by the Issuer if required in writing by Bondholders holding not less than ten per cent. in Outstanding Principal Amount of the Bonds for the time being remaining outstanding (other than in respect of a meeting requested by Bondholders to discuss the financial position of the Issuer and the Raglan Group, which shall be requested in accordance with, and shall be subject to, Condition 6.2(c) (*Information Covenants*)). The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing in aggregate more than 50 per cent. of the Outstanding Principal Amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the Outstanding Principal Amount of the Bonds so held or represented, except that at any meeting the business of which includes any matter defined in the Trust Deed as a Basic Terms Modification, including, *inter alia*, modifying any date for payment of principal or interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Bonds or altering the currency of payment of the Bonds, the Receipts or the Coupons, the quorum shall be one or more persons holding or representing in aggregate not less than 75 per cent. in Outstanding Principal Amount of the Bonds for the time being outstanding, or at any such adjourned meeting one or more persons holding or representing in aggregate not less than 25 per cent. in Outstanding Principal Amount of the Bonds for the time being outstanding. The Bond Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Bond Trust Deed by a majority consisting of not less than 75 per cent. of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in Outstanding Principal Amount of the Bonds for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Bond Trustee) by or on behalf of the holders of not less than 75 per cent. in Outstanding Principal Amount of the Bonds for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Bondholders. An Extraordinary Resolution passed by the Bondholders shall be binding on all the Bondholders, whether or not (in the case of Extraordinary Resolutions passed at any meeting) they are present at any meeting and whether or not they voted on the resolution, and on all Receiptholders and Couponholders.

17.2 Modification, Waiver, Authorisation and Determination

The Bond Trustee may agree, without the consent of the Bondholders, Receiptholders, Couponholders or any Secured Party, to any modification (except as stated in the Bond Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Bonds, the Bond Trust Deed, any Security Agreement or any other Transaction Document, or determine, without any such consent as aforesaid, that any Potential Event of Default or Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Bond Trustee, materially prejudicial to the interests of the Bondholders so to do or may agree, without any such consent as aforesaid, to any modification which, in the opinion of the Bond Trustee, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Bond Trustee, proven. Any such modification, waiver, authorisation or determination shall be binding on the Bondholders, the Receiptholders, the Couponholders and the Secured Parties and (unless the Bond Trustee otherwise agrees) shall be notified to the Bondholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

17.3 Bond Trustee to have regard to interests of Bondholders as a class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Bond Trustee shall have regard to the general interests of the Bondholders (excluding the Issuer, for so long as it holds any Retained Bonds) as a class (but shall not have regard to any interests arising from circumstances particular to individual Bondholders, Receiptholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Bond Trustee shall not be entitled to require, nor shall any Bondholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Bond Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders, Receiptholders or Couponholders.

18. INDEMNIFICATION AND PROTECTION OF THE BOND TRUSTEE AND BOND TRUSTEE CONTRACTING WITH THE ISSUER

The Bond Trust Deed contains provisions for the indemnification of the Bond Trustee and for its relief from responsibility and liability towards the Issuer, the Bondholders, the Receiptholders and the Couponholders, including (i) provisions relieving it from taking action unless secured and/or indemnified and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Bond Trustee is exempted from any liability in respect of any loss, diminution in value or theft of all or any part of the Issuer Charged Property, from any obligation to insure all or any part of the Issuer Charged

Property (including, in either such case, any documents evidencing, constituting or representing the same or transferring any rights, benefits and/or obligations thereunder), or to procure the same to be insured.

The Bond Trust Deed also contains provisions pursuant to which the Bond Trustee is entitled, *inter alia*, (a) to enter into or be interested in any contract or financial or other transaction or arrangement with the Issuer or any other Transaction Party or any person or body corporate associated with the Issuer or any Transaction Party and (b) to accept or hold the trusteeship of any other trust deed constituting or securing any other securities issued by or relating to the Issuer or any Transaction Party or any such person or body corporate so associated or any other office of profit under the Issuer or any Transaction Party or any such person or body corporate so associated.

The Bond Trustee shall not be bound to take any step or action in connection with the Bond Trust Deed or the Bonds or obligations arising pursuant thereto or pursuant to the other Transaction Documents, where it is not satisfied that it is indemnified and/or secured and/or pre-funded against all its liabilities and costs incurred in connection with such step or action and may demand, prior to taking any such step or action, that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so as to indemnify it.

The Bond Trustee shall have no responsibility for the validity, sufficiency or enforceability of the Issuer Security. The Bond Trustee shall not be responsible for monitoring the compliance by any of the other Transaction Parties with their obligations under the Transaction Documents, neither shall the Bond Trustee be responsible for monitoring the compliance by the Borrower or any of the other parties to the Security Agreements and the Security Trust Deed of their obligations under the Security Agreements, the Security Trust Deed or any other document.

19. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Bondholders, the Receiptholders or the Couponholders to create and issue further bonds having terms and conditions (and backed by the same assets) the same as the Bonds or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single series with the outstanding Bonds. Any further bonds so created and issued shall be constituted by a trust deed supplemental to the Bond Trust Deed.

20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Bond under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

21. GOVERNING LAW

The Bond Trust Deed, the Loan Agreements, the Agency Agreement, the Account Agreement, the Bonds, the Receipts and the Coupons, and any non-contractual obligations or matters arising from or in connection with them, shall be governed by, and construed in accordance with, English law.

22. SUBMISSION TO JURISDICTION

The Issuer has, in the Bond Trust Deed, irrevocably agreed for the benefit of the Bond Trustee, the Bondholders, the Receiptholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bond Trust Deed, the Bonds, the Receipts or the Coupons (including a dispute relating to non-contractual obligations arising out of or in connection with the Bond Trust Deed, the Bonds, the Receipts or the Coupons) and accordingly has submitted to the exclusive jurisdiction of the English courts.

The Issuer has, in the Bond Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Bond Trustee, the Bondholders, the Receiptholders and the Couponholders may take any suit, action or proceeding arising out of or in connection with the Bond Trust Deed, the Bonds, the Receipts or the Coupons respectively (including any suit, action or proceedings relating to any non-contractual obligations arising out of or in connection with the Bond Trust Deed, the Bonds, the Receipts or the Coupons) (together referred to as **Proceedings**) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

USE OF PROCEEDS

Subject as set out below, the net proceeds from the issue of the Bonds or, in the case of the Retained Bonds, the net proceeds of the sale of the Bonds to a third party (after deduction of expenses payable by the Issuer) will be advanced by the Issuer to one or more Borrowers pursuant to the Loan Agreements to be applied in the achievement of such Borrower's charitable objects (including, for the avoidance of doubt, the repayment of any existing indebtedness of such Borrower and any other amounts due and payable thereunder).

For so long as insufficient security has been granted (or procured to be granted) by the Borrowers in favour of the Issuer to permit the drawing of the Funded Commitments in full, the Retained Proceeds shall be retained in the Initial Cash Security Account in accordance with the terms of the Account Agreement and the Custody Agreement (and may be invested in Permitted Investments). For the avoidance of doubt, in the event that the Original Borrower has not drawn any part of the Original Raglan Housing Association Commitment on the Issue Date, the Retained Proceeds at that date shall be the entire amount of the Original Raglan Housing Association Commitment (less any amount which is to be funded by the Final Instalment in respect of the Bonds or a sale of Retained Bonds). Any Retained Proceeds (and the Final Instalment in respect of the Bonds and any net sale proceeds from a sale by the Issuer of Retained Bonds (less any Retained Bond Premium Amount)) shall be advanced to the Borrowers at a later date pursuant to the Loan Agreements to the extent that Properties of a corresponding value have been charged in favour of the Issuer. In addition, in the event that any losses are made in respect of any Retained Proceeds which have been invested in Permitted Investments, each drawing to be made by the Issuer to a Borrower pursuant to a Loan Agreement shall be advanced at a discount in an amount equal to the Actual Advance Amount (as defined in the Loan Agreements).

DESCRIPTION OF THE LOAN AGREEMENTS

The following description of the Loan Agreements consists of a summary of certain provisions of the Loan Agreements and is subject to the detailed provisions thereof. The Loan Agreements are not, however, incorporated by reference into, and therefore do not form part of, this Prospectus.

Definitions used in this section but not otherwise defined in this Prospectus have the meanings given to them in the Loan Agreements.

Facility

Subject to the provisions of the bond loan agreement (the **Raglan Housing Association Loan Agreement**) dated on or around the Issue Date between the Issuer, the Original Borrower and the Security Trustee, the Issuer shall commit to make a loan to the Original Borrower in the nominal amount of £100,000,000 (the **Original Raglan Housing Association Commitment** and, together with any further commitments, the **Raglan Housing Association Commitment**). The **Loan**, in respect of the Raglan Housing Association Loan Agreement, is the nominal amount of the Raglan Housing Association Commitment that has been advanced to the Original Borrower or the outstanding balance thereof.

Upon the sale by the Issuer of Retained Bonds or the issue by the Issuer of any further Bonds pursuant to Condition 19 (*Further Issues*), the Issuer may commit (subject, with respect to sale proceeds of the Retained Bonds, to the Original Raglan Housing Association Commitment being reduced accordingly by the Original Borrower) to making a loan to the Original Borrower and/or one or more other charitable Registered Providers of Social Housing of the Raglan Group (including, without limitation, Raglan Homes) (together, the **Additional Borrowers** and each an **Additional Borrower** and, together with the Original Borrower, the **Borrowers**) in a nominal amount which reflects such sale or issue proceeds (each a **Commitment** and, together with the Raglan Housing Association Commitment, the **Commitments**) pursuant to the Raglan Housing Association Loan Agreement or to one or more additional bond loan agreements (each an **Additional Loan Agreement** and, together with the Raglan Housing Association Loan Agreement, the **Loan Agreements**). The **Loan**, in respect of each Additional Loan Agreement, is the nominal amount of the Commitment that has been advanced to the relevant Additional Borrower or the outstanding balance thereof.

Each Commitment may be drawn in one or more drawings at any time prior to the date falling four Business Days prior to the initial Instalment Redemption Date, and the maximum nominal amount of each drawing shall be an amount which corresponds to the Minimum Value of the Initial Properties and any Additional Properties which have, on or before the date of such drawing, been charged in favour of the Security Trustee, for the benefit of the Issuer, less the aggregate amount of all Commitments which have previously been drawn. Any amount of each Commitment which has not been drawn prior to the date falling four Business Days prior to the initial Instalment Redemption Date shall be cancelled and will no longer be capable of drawing.

No Commitment may be drawn until the relevant Borrower has satisfied the conditions set out in Clause 2(c) (*Facility*) (or any such corresponding clause in any Additional Loan Agreement) in respect of the first drawing in respect of a Loan Agreement, and the conditions set out in Clause 11.1 (*Additional Properties*) (or any such corresponding clause in any Additional Loan Agreement) in respect of any subsequent drawings of amounts of the relevant Commitment which exceed the Minimum Value of the Initial Properties. In addition, each of the Issuer and the Original Borrower have acknowledged (and each Additional Borrower will be required to acknowledge) that any drawing of a Commitment shall be subject to the Security Trustee being satisfied that the value of the

Issuer's Designated Security (based solely on the relevant confirmation from the Original Borrower and each Additional Borrower that the Minimum Value of the Properties forming part of the Issuer's Designated Security (which itself shall be evidenced by the relevant Valuation), which the Security Trustee is entitled to rely upon without further enquiry or investigation in respect thereof) is such that the Asset Cover Test is satisfied immediately following such drawing and, in respect of any part of a Commitment which is to be funded by the Issuer by the Final Instalments in respect of the Bonds and/or a sale of Retained Bonds and/or an issue of further Bonds, the receipt by the Issuer of such Final Instalments, net sale proceeds or issue proceeds thereof.

The Original Borrower has acknowledged (and each Additional Borrower will be required to acknowledge) that the Issuer may invest all or any part of the Retained Proceeds in Permitted Investments in accordance with the Custody Agreement and that, as a result of (i) any losses made by the Issuer in respect of such Permitted Investments and/or (ii) any issue or sale of Bonds by the Issuer made at a discount to the nominal amount of such Bonds, the amount of Retained Proceeds held by the Issuer, at the time of any drawdown request, may be less than the Undrawn Commitment which is to be funded from such Retained Proceeds. In such circumstances, each drawing to be funded from the Retained Proceeds shall be advanced at a discount in an amount equal to the Actual Advance Amount.

For this purpose, **Actual Advance Amount** means, in respect of each drawing funded from Retained Proceeds, the nominal amount of such drawing multiplied by the result of dividing (i) the amount of Retained Proceeds held by the Issuer at the time of the drawdown request (for the avoidance of doubt, excluding any Permitted Investment Profit) by (ii) the Undrawn Commitment which is to be funded from such Retained Proceeds.

For the avoidance of doubt:

(a) no Borrower shall be required to monitor the market value of any Permitted Investments;

(b) any difference between the nominal amount of a drawing and the relevant Actual Advance Amount shall be ignored in determining the amount of the relevant Loan and, *inter alia*, the calculation of interest, principal and premium payments payable in respect thereon; and

(c) any income received by the Issuer in respect of Permitted Investments shall not be credited to the Initial Cash Security Account but shall instead be credited to the Transaction Account in accordance with the Account Agreement.

The Issuer and the Original Borrower have agreed (and each Additional Borrower shall agree) that:

(a) where the Issuer is required to sell any Permitted Investments to fund a drawing under a Loan Agreement and such sale results in a Permitted Investment Profit, the Issuer shall make a gift aid payment to a Charitable Group Member in an amount equal to the Permitted Investment Profit and, for the avoidance of doubt, such drawing shall be advanced at the nominal amount requested; and

(b) immediately prior to the end of each accounting period, to the extent that the Issuer would otherwise be required to recognise a profit for tax purposes in respect of its Permitted Investments and/or Retained Bonds as a result of the movement in the fair value recognised in its accounts of such Permitted Investments and/or Retained Bonds for that accounting period, the Issuer shall sell Permitted Investments in an aggregate amount equal to the Accounting Profit and shall, in the same accounting period or, where the Lender makes a valid claim under section 199 of the Corporation Tax Act 2010, within nine months of the end of that accounting period, make a Gift Aid Payment to a Charitable Group Member in an amount equal to the Accounting Profit.

The Issuer and the Original Borrower have also agreed (and each Additional Borrower shall agree, to the extent that any Retained Bonds are held by the Issuer upon the date of its accession as a Borrower) that, upon a sale (if any) of the Retained Bonds by the Issuer:

(a) in the event that such sale produces a Retained Bond Premium Amount, the Issuer shall make a gift aid payment to a Charitable Group Member in an amount equal to the Retained Bond Premium Amount and, for the avoidance of doubt, where the Issuer is required to sell such Retained Bonds to directly fund a drawing under a Loan Agreement, such drawing shall be advanced at the nominal amount requested; and

(b) where the Issuer is required to sell any Retained Bonds to directly fund a drawing under a Loan Agreement and such sale is made at a discount to the nominal amount of such Retained Bonds, such drawing shall be advanced at a discount in an amount equal to the Retained Bond Actual Advance Amount.

For this purpose, **Retained Bond Actual Advance Amount** means, in relation to each drawing under a Loan Agreement which is funded directly by a sale of Retained Bonds, the nominal amount of such drawing multiplied by the result of dividing (i) the net proceeds of sale of such Retained Bonds by (ii) the nominal amount of such Retained Bonds.

For the avoidance of doubt:

(a) no Borrower shall be required to monitor the market value of any Retained Bonds; and

(b) any difference between the nominal amount of a drawing and the relevant Retained Bond Actual Advance Amount shall be ignored in determining the amount of the relevant Loan and, *inter alia*, the calculation of interest, principal and premium payments payable in respect thereon.

The Original Borrower has agreed (and each Additional Borrower shall agree, to the extent that it accedes as a Borrower prior to the Final Instalment Payment Date and/or any Retained Bonds are held by the Issuer upon the date of its accession as a Borrower) that, where the Issuer needs to receive the Final Instalment in respect of any Bonds or is required to sell any Retained Bonds in order to fund a drawdown request, the Issuer's obligations to fund such drawdown will be subject to receipt of such Final Instalment or the ability of the Issuer to sell such Retained Bonds to a third party, as the case may be.

For so long as any Retained Bonds are held by or on behalf of the Issuer, a Borrower may request that an amount of its Commitment be cancelled (provided that such amount does not exceed the nominal amount of Retained Bonds held by or on behalf of the Issuer at that time). As soon as practicable following any such request, the Issuer shall cancel Retained Bonds in a corresponding amount. Such cancellation of the relevant Commitment shall take effect upon the cancellation of such Retained Bonds.

Subject to the conditions precedent set out in Clause 4.2 (*Conditions to the Making of Further Raglan Housing Association Commitments*) of the Raglan Housing Association Loan Agreement and any corresponding clause in any Additional Loan Agreement, the Issuer may make further commitments to each Borrower, each in an amount to be agreed between the Issuer, the relevant Borrower and the Security Trustee, following the issuance of further bonds pursuant to Condition 19 (*Further Issues*).

Purpose

The proceeds of each Loan may only be used by a Borrower in accordance with such Borrower's charitable objects, as permitted by its Rules including, for the avoidance of doubt, the repayment of any existing indebtedness of such Borrower and any other amounts due and payable thereunder.

Interest

Rate of Interest

Following its advance, each Loan will carry interest from (and including) the date of the relevant Loan Agreement (which, in the case of the Raglan Housing Association Loan Agreement will be 20th September, 2012) at the rate of 5.034 per cent. per annum, payable in arrear by half yearly instalments on each Loan Payment Date (being four Business Days prior to each Interest Payment Date).

Interest Periods

Notwithstanding the fact that interest is payable on each Loan Payment Date, interest will accrue on each Loan from (and including) an Interest Payment Date (or, in the case of the first interest period of a Loan, the date of the relevant Loan Agreement (which, in the case of the Raglan Housing Association Loan Agreement will be 20th September, 2012)) to (but excluding) the immediately following Interest Payment Date (each, a **Loan Interest Period**).

In respect of the first Loan Payment Date occurring on 20th March, 2013 the Raglan Housing Association Loan will bear interest of £941,289.

Commitment Fee

Each Borrower shall pay to the Issuer a commitment fee in respect of its Undrawn Commitment on each Loan Payment Date in an amount equal to, its *pro rata* share (based on the aggregate amount of all Undrawn Commitments of all Borrowers) of the aggregate of the interest payable by the Issuer under the Bonds on the following Interest Payment Date less (a) the aggregate of the interest received by the Issuer under all Loan Agreements on such Loan Payment Date and (b) the interest otherwise received by the Issuer in respect of the Retained Proceeds in the relevant Loan Interest Period (including, but not limited to, any income received by the Issuer in respect of any Permitted Investments in which any Retained Proceeds are, for the time being, invested). The commitment fee shall accrue on a daily basis.

Repayment, Purchase and Prepayment

Repayment

Each Borrower must repay its Loan in an amount equal to the relevant Instalment Repayment Amount four Business Days prior to each Instalment Redemption Date (each a **Loan Instalment Repayment Date**).

Instalment Repayment Amount means, in respect of each Loan and each Loan Instalment Repayment Date, an amount equal to (a) the outstanding balance of the Loan as at such Loan Instalment Repayment Date multiplied by (b) the aggregate Redemption Instalment to be paid by the Issuer on the Bonds on the immediately following Instalment Redemption Date divided by the aggregate Outstanding Principal Amount of the Bonds as at such Loan Instalment Repayment Date.

Bond Purchase

Each Borrower and any Eligible Group Member may at any time purchase Bonds on the London Stock Exchange, by tender (available to all Bondholders alike) or by private treaty at any price.

Each Borrower has covenanted to the Issuer that, upon the exercise by one or more Bondholders of a Bondholder Put Option, each Borrower shall, or shall procure that another member of the Raglan Group shall, purchase all of the Bonds (or, in the case of a Change of Status Bondholder Put Option, the Relevant Proportion of Bonds) of such Bondholders on the relevant Put Option Date at the Outstanding Principal Amount thereof plus an amount equal to accrued interest to (but excluding) the Put Option Date.

Following any such purchase, such Borrower or the relevant member of the Raglan Group may (but is not obliged to) surrender the Bonds to the Issuer to be cancelled. An amount of the outstanding balance of the relevant Loan equal to the Outstanding Principal Amount of the Bonds surrendered shall be deemed to be prepaid (or, to the extent that no Loan is then outstanding, then an amount of the relevant Undrawn Commitment equal to the Outstanding Principal Amount of the Bonds surrendered shall be deemed to be cancelled for the purposes of the relevant Loan Agreement and a corresponding portion of the Retained Proceeds shall be paid by the Issuer to the relevant Borrower or the relevant member of the Raglan Group).

The Original Borrower has acknowledged (and each Additional Borrower shall acknowledge) that the terms of the Bond Trust Deed provide that any Bonds which are for the time being held by or on behalf of, *inter alios*, a Borrower or any member of the Raglan Group as beneficial owner shall be deemed not to remain outstanding for the purpose of, *inter alia*, the right to attend and vote at any meeting of the Bondholders.

Optional Prepayment

Pursuant to Clause 5.3 (*Optional Prepayment*) of the Raglan Housing Association Loan Agreement and the corresponding clause in any Additional Loan Agreement, each Borrower may, at any time (a) on or after the later of the Final Instalment Payment Date and the Final Retained Bond Disposal Date and (b) before the Loan Maturity Date, by giving not less than 45 nor more than 60 days' notice in writing to the Issuer and the Security Trustee, prepay the whole or (as the case may be) any part of the outstanding balance of its Loan, together with any interest accrued up to and including the date of prepayment and the relevant Prepayment Premium (being, for so long as any Bonds are outstanding, an amount equal to the excess of the amount notified to such Borrower by the Issuer as being the price determined under the Bond Trust Deed for the redemption of a corresponding nominal amount of the Bonds over the Outstanding Principal Amount and otherwise zero).

Upon any such prepayment, the Issuer may enter into a replacement Commitment with another Borrower. If no replacement Commitment is entered into, the Issuer shall use the prepayment proceeds to redeem Bonds in accordance with Condition 9.2 (*Early Redemption*).

Mandatory Prepayment – Redemption of Bonds

If the Bonds become redeemable prior to the Maturity Date, other than as a result of a prepayment or termination of a Loan Agreement, each Borrower shall prepay, at least one Business Day prior to the relevant date of redemption of the Bonds, the outstanding balance of the Loan, together with accrued interest and accrued commitment fee thereon up to and including the date of redemption.

Redemption of Bonds – Further Payment in Respect of Retained Proceeds Par Amount

In the event that a Borrower elects to, or is otherwise required to, prepay the whole of the outstanding balance of its Loan and the Issuer is required to notify such Borrower of the price determined under the Conditions for the redemption of a corresponding Outstanding Principal Amount of the Bonds, then the Issuer shall be entitled to also take account of the redemption of such Outstanding Principal Amount of the Bonds (if no Commitment is put in place with another Borrower) that shall correspond to the Retained Proceeds Par Amount (being an amount equal to the Retained Proceeds including, where any Retained Proceeds are invested in Permitted Investments, the purchase price of the relevant Permitted Investments and ignoring, for these purposes, any increase or decrease in such Retained Proceeds as a result of gains or losses in respect of such Permitted Investments and/or any discount on a sale of Retained Bonds by the Issuer), and the price notified to such Borrower shall be increased accordingly.

Warranties and Covenants

Each Borrower will make various warranties and covenants pursuant to, in the case of the Original Borrower, Clause 8 (*Warranties and Covenants by the Original Borrower*) of the Raglan Housing Association Loan Agreement and, in the case of any Additional Borrower, the corresponding clause in its Loan Agreement. These warranties and covenants include (or will include, as the case may be), *inter alia*, the following:

Information Covenants

Each Borrower must supply to the Issuer and the Security Trustee not later than 180 days after the end of each relevant financial year (i) a copy of the consolidated audited financial statements of the Original Borrower for such financial year; (ii) a certificate setting out, among other things, calculations in respect of the asset cover ratio substantially in the form set out in the Loan Agreement (the **Compliance Certificate**) signed by two Authorised Signatories of such Borrower; and (iii) a certificate setting out, among other things, a summary of the additions, withdrawals and substitutions of Charged Properties which have taken place during the preceding financial year substantially in the form set out in the Loan Agreement (the **Security Adjustment Certificate**) signed by two Authorised Signatories of such Borrower.

Each Borrower must, following receipt of a notice from the Issuer stating that it intends to sell any Retained Bonds, supply to the Issuer and the Bond Trustee not later than three Business Days prior to the date of such sale, a certificate setting out, among other things, calculations in respect of the asset cover ratio substantially in the form set out in Schedule 8 to the Loan Agreement (the **Retained Bond Compliance Certificate**) signed by two Authorised Signatories of the Borrower confirming whether, immediately following such sale, the Borrower will be in compliance with the Asset Cover Test.

Negative Pledge

No Borrower shall create or allow to exist (and each Borrower shall procure that no Eligible Group Member creates or allows to exist) any Security Interest on any assets which are Security Assets, except as set out in, in the case of the Original Borrower, Clause 8.2(c)(ii) (*General Covenants*) of the Raglan Housing Association Loan Agreement and, in the case of any Additional Borrower, the corresponding clause in its Loan Agreement, which includes (or will include, as the case may be) the Security Interests created pursuant to, *inter alia*, the Security Trust Deed and the Security Agreements and any Security Interests created with the prior written consent of the Issuer or by operation of law.

Charged Properties

Each Borrower shall obtain (and each Borrower shall procure that each Eligible Group Member obtains) any authorisation or licence required in order to enable the Security Trustee pursuant to the powers of enforcement conferred on it by the Security Documents to sell vacant Charged Properties and maintain insurances on and in relation to its Charged Properties.

Covenants

Each Borrower shall (and each Borrower shall procure that each Eligible Group Member shall), unless the Security Trustee otherwise agrees in writing, comply in all material respects with any covenants or restrictive covenants relating to a Charged Property which are binding on it.

Guarantee and Indemnity

Pursuant to Clause 9 (*Guarantee and Indemnity*) of the Raglan Housing Association Loan Agreement and the corresponding clause in each Additional Loan Agreement, each Borrower has (or will have) irrevocably and unconditionally:

(a) guaranteed to the Issuer the punctual performance by each other Borrower of all such Borrowers' obligations under, *inter alia*, their respective Loan Agreements, the Security Trust Deed and their respective Security Agreements, other than each other Borrowers' obligations to repay principal and any prepayment premium thereon pursuant to their respective Loan Agreements (such amounts being, the **Guaranteed Interest and Fee Amounts**);

(b) undertaken with the Issuer that, whenever any other Borrower does not pay any Guaranteed Interest and Fee Amounts when due under its respective Loan Agreement, the Security Trust Deed or its respective Security Agreement(s), it must, immediately on demand by the Security Trustee and/or the Issuer, pay the Guaranteed Interest and Fee Amounts as is if it were the principal obligor;

(c) undertaken with the Issuer that, to the extent that the proceeds of the enforcement of the Underlying Security are insufficient to satisfy the Borrowers' obligations under their respective Loan Agreements in full (the shortfall being, the **Guaranteed Principal Amount**), it must, immediately on demand by the Security Trustee and/or the Issuer, pay the Guaranteed Principal Amount as if it were the principal obligor; and

(d) agreed to indemnify the Issuer immediately on demand against any loss or liability suffered by the Issuer if any obligation guaranteed by it is or becomes illegal or invalid.

Asset Cover Ratio

Pursuant to Clause 10 (*Asset Cover Ratio*) of the Raglan Housing Association Loan Agreement and the corresponding clause in each Additional Loan Agreement, each Borrower shall procure that at all times the sum of:

(a) the Minimum Value of the Properties forming part of the Issuer's Designated Security;

(b) the Retained Proceeds Par Amount; and

(c) the Charged Disposal Proceeds,

will not be less than the Aggregate Funded Commitment, provided however, that from and including the Final Charging Date, the Retained Proceeds Par Amount shall be deemed to be zero for the purpose of determining the Borrowers' compliance with the Asset Cover Test.

Interpretation

For these purposes:

Additional Properties means any Properties (other than the Initial Properties) which have been charged in favour of the Security Trustee, for the benefit of the Issuer, for the purpose of providing underlying security for the Bonds;

Aggregate Funded Commitment means the aggregate amount of the Commitments under all Loan Agreements, less (a) the aggregate nominal amount of Retained Bonds held by or on behalf of the Issuer and (b) any Final Instalments which have not been paid by the relevant Bondholders;

Designated Security means the assets, rights and property mortgaged or charged or assigned or the subject of any security created pursuant to any Security Document, the proceeds of which are allocated in the reduction of all monies, liabilities and obligations owing by the Borrowers to the Issuer under the Loan Agreements;

Final Charging Date means (i) in relation to any Retained Proceeds Par Amount which is received by the Issuer on the Closing Date, 20th March, 2013 and (ii) in relation to any Retained Proceeds Par Amount which is received by the Issuer on or after the Final Instalment Payment Date, 18th June, 2013;

Initial Properties means the Properties which as at the Closing Date will have been charged in favour of the Security Trustee, for the benefit of the Issuer, and are set out in Schedule 10 (*Initial Properties in Respect of the Original Commitment*) to the Raglan Housing Association Loan Agreement;

Minimum Value means:

$$\left(\frac{A}{105}+\frac{B}{115}\right)\times 100$$

where:

A = the Value of the residential EUV-SH Charged Properties determined on the basis of EUV-SH; and

B = the Value of the residential MV-ST Charged Properties determined on the basis of MV-ST.

The Properties forming part of the Issuer's Designated Security shall each be treated as EUV-SH Charged Properties for the purpose of determining the Minimum Value unless and until a Value, determined on the basis of MV-ST, is given by an Approved Valuer in respect of any such Property and the Approved Valuer has confirmed that it has reviewed a Certificate of Title in respect of such Property certifying that it may be disposed of by the relevant Borrower or Eligible Group Member on an unfettered basis (meaning subject only to any existing tenancies disclosed in the Certificate of Title but not subject to any security interest, option or other encumbrance or to any restriction preventing or restricting its sale to, or use by, any person for residential use);

Property means all estates or interests of a Borrower or an Eligible Group Member in any freehold, heritable or leasehold property wheresoever situate now or in future belonging to it and all buildings, fixtures, fittings (other than tenants fixtures and fittings) and fixed plant and machinery from time to time thereon (and **Properties** shall be construed accordingly);

Retained Proceeds Par Amount means an amount equal to the Retained Proceeds at the time of calculation and, for this purpose, (a) where any Retained Proceeds are at that time invested in Permitted Investments, the amount of such Retained Proceeds shall be taken as the purchase price of the relevant Permitted Investments ignoring any gains or losses in respect of those Permitted Investments since the date of purchase and (b) where the source of any Retained Proceeds is the net sale proceeds of any Retained Bonds which were sold at a discount, the amount of such Retained Proceeds shall be taken as the nominal amount of such Retained Bonds; and

Value means, at any time and in relation to the Charged Properties, the value of those properties as shown in the then latest Full Valuation Report, Desk Top Valuation Report or Rolling Valuation Report on the basis of EUV-SH or, as the case may be, MV-ST (provided that if any Charged Property or part thereof is sold pursuant to a Right to Buy, the Value of the relevant Charged Property shall, for the purposes of this definition and with effect from the date of the relevant sale or release, be zero (if the entire relevant Charged Property has been sold) or (if only part of the relevant Charged Property has been sold) shall be the proportion of the value of the Charged Property which has not been sold pursuant to the relevant Right to Buy).

Substitution and Release of Charged Properties and Statutory Disposals

Substitution

At the request and expense of a Borrower or Eligible Group Member, the Security Trustee shall (subject to receiving instructions to do so and an amended Security Certificate from the Borrowers and the Issuer in accordance with the Security Trust Deed) release from the relevant Security Documents (and reallocate, if applicable) such of the Properties forming part of the Issuer's Designated Security and substitute such of the Properties (each, a **Substitute Property**) as may be selected by such Borrower or Eligible Group Member, provided that such Borrower or Eligible Group Member satisfies the conditions precedent specified in the applicable Loan Agreement in relation to the Substitute Properties. Such conditions precedent include, *inter alia*, a completed Substitute Property Certificate certifying, *inter alia*, that the relevant Substitute Property is a residential property of a type and nature that is usually owned by Registered Providers of Social Housing and that, immediately following such release (and reallocation, if applicable), the Asset Cover Test will not be breached as a result of the substitution of the relevant Charged Properties, a Valuation in respect of each Substitute Property and a Certificate of Title in respect of the Substitute Properties.

Disposal Proceeds

Pending the acquisition of any proposed Substitute Property by the relevant Borrower or Eligible Group Member, such Borrower or Eligible Group Member may deposit the proceeds of disposal of the relevant Charged Properties which are released from charge under the Security Trust Deed into the Disposal Proceeds Account of the Issuer for the purpose of maintaining the Asset Cover Test (for the avoidance of doubt, no Borrower or Eligible Group Member shall be required to monitor the market value of any Permitted Investments). The Charged Disposal Proceeds may be withdrawn from the Disposal Proceeds Account (a) to be applied by the relevant Borrower or Eligible Group Member (provided, for the avoidance of doubt, that such Borrower or Eligible Group Member continues, at such time, to be a Registered Provider of Social Housing) in the acquisition of a Substitute Property or (b) to the extent that such withdrawal would not cause a breach of the Asset Cover Test.

Notwithstanding the above, any Borrower or Eligible Group Member may, at any time, deposit, or arrange for the deposit of, any other money into the Disposal Proceeds Account for the purposes of satisfying the Asset Cover Test.

The Original Borrower has acknowledged (and each Additional Borrower and Eligible Group Member will be required to acknowledge) that the money standing to the credit of the Disposal Proceeds Account shall be charged in favour of the Bond Trustee pursuant to the terms of the Bond Trust Deed.

The Original Borrower has also acknowledged (and each Additional Borrower and Eligible Group Member will be required to acknowledge) that the Issuer may invest all or any part of the Charged Disposal Proceeds in Permitted Investments in accordance with the Custody Agreement and that, as a result of any gains or losses made by the Issuer in respect of such Permitted Investments and any income received thereon (which shall, for the avoidance of doubt, be credited to the Disposal Proceeds Account), the amount of such Charged Disposal Proceeds may be greater or less than the amount deposited in the Disposal Proceeds Account by such Borrower or Eligible Group Member. The Original Borrower has acknowledged (and each Additional Borrower and Eligible Group Member will be required to acknowledge) that it shall not have any recourse to the Issuer in respect of any losses realised by the Issuer in respect of the Charged Disposal Proceeds as a result of investment in any Permitted Investments.

Following the redemption in full of the Bonds, the Issuer shall return any amount standing to the credit of the Disposal Proceeds Account to the relevant Borrowers and/or Eligible Group Members, to the extent that such balance has not otherwise been applied in accordance with the terms of the Bond Trust Deed.

Release and reallocation

At the request and expense of a Borrower or an Eligible Group Member, the Security Trustee shall release (subject to receiving instructions to do so and an amended Security Certificate from the Borrowers and the Issuer in accordance with the Security Trust Deed) from the relevant Security Documents (and reallocate, if applicable) such Properties forming part of the Lender's Designated Security as may be selected by such Borrower or Eligible Group Member provided that such Borrower or Eligible Group Member delivers to the Issuer and the Security Trustee a completed Property Release Certificate, certifying that, immediately following such release (and reallocation, if applicable), the Asset Cover Test will not be breached as a result of the release (and reallocation, if applicable) of such part of the Lender's Designated Security.

Statutory Disposals

Each Borrower and Eligible Group Member shall have the right to withdraw Property from the Issuer's Designated Security pursuant to any Statutory Disposal and the relevant Borrower or Eligible Group Member shall deliver to the Issuer and the Security Trustee, as soon as reasonably practicable after it has received notice of such Statutory Disposal, a completed Statutory Disposal Certificate, certifying that the relevant withdrawal relates to a Statutory Disposal.

Additional Properties

Pursuant to Clause 2 (*Designation of Security Assets*) of the Security Trust Deed (see "*Additional Security*" below), on or prior to creating a Security Agreement in respect of any Property for the benefit of the Issuer, the relevant Borrower or Eligible Group Member must, in respect of such security, provided the conditions precedent documents specified in the Security Trust Deed. In addition, pursuant to the Loan Agreement, the relevant Borrower or Eligible Group Member must provide a completed Additional Property Certificate confirming that, *inter alia*, the proposed Additional Properties are residential properties of a type and nature that are usually owned by Registered Providers of Social Housing, Full Valuation Reports in respect of each Additional Property and a Certificate of Title in respect of each tranche of Additional Properties charged.

Valuations

Full Valuations and Desk Top Valuations

In accordance with Clause 12.1 (*Full Valuations and Desk Top Valuations*) of the Raglan Housing Association Loan Agreement and the corresponding clause in any Additional Loan Agreement, each Borrower shall deliver, or procure the delivery, to the Issuer and the Security Trustee of:

(a) a Full Valuation Report prepared by an Approved Valuer which values all Charged Properties on a full valuation basis at least once in every period of five calendar years. The first such Full Valuation Report must be delivered in the period between 31st March, 2017 and the date falling 120 days thereafter (or, at the option of the Borrowers acting together, within the same period in any prior calendar year) and unless the Issuer and each Borrower agree otherwise, thereafter within 120 days of each consecutive fifth anniversary of the date on which the Full Valuation Report was previously provided; and

(b) a Desk Top Valuation Report prepared by an Approved Valuer which values all the Charged Properties on a "desk-top" basis in the period between 31st March and the date falling 120 days thereafter in each year other than a year in respect of which such Charged Properties have been valued on a full valuation basis through the delivery of a Full Valuation Report. The first such Desk Top Valuation Report must be delivered within 120 days of 31st March, 2013.

Rolling Valuations

Notwithstanding Clause 12.1 (*Full Valuations and Desk Top Valuations*) of the Raglan Housing Association Loan Agreement and the corresponding clause in any Additional Loan Agreement, in accordance with Clause 12.2 (*Rolling Valuations*) of the Raglan Housing Association Loan Agreement and the corresponding clause in any Additional Loan Agreement, the Borrowers may elect collectively, but not individually, to deliver, or procure the delivery of, a Rolling Valuation Report prepared by an Approved Valuer, instead of a Full Valuation Report and Desk Top Valuation Report, to the Issuer and the Security Trustee in the period between 31st March and the date falling 120 days thereafter in each year commencing in a year immediately following a year when a Full Valuation Report has been delivered whereby the Approved Valuer values:

(a) not less than 20 per cent. of the Charged Properties on a full valuation basis (such Charged Properties being Charged Properties which have not been the subject of a full valuation in either a Full Valuation Report (other than a Full Valuation Report prepared pursuant to Clause 12.1 (*Full Valuations and Desk Top Valuations*) of the Raglan Housing Association Loan Agreement and the corresponding clause in any Additional Loan Agreement) or a Rolling Valuation Report prepared in the preceding two years and such that 100 per cent. of Charged Properties are valued on a full valuation basis in any five year period following the election by the Borrowers to deliver, or procure the delivery of, Rolling Valuation Reports taking into account any additions, substitutions and withdrawals of Charged Properties in accordance with Clause 11 (*Addition, Substitution and Release of Charged Properties*) of the Raglan Housing Association Loan Agreement and the corresponding clause in any Additional Loan Agreement unless otherwise agreed between the Issuer, the Borrowers and the Security Trustee); and

(b) the remaining Charged Properties on a "desk-top" basis,

(each such report, a **Rolling Valuation Report**).

For the avoidance of doubt, if the Borrowers elect to deliver, or procure the delivery of a Rolling Valuation Report in accordance with Clause 12.2 (*Rolling Valuations*) of the Raglan Housing Association Loan Agreement and the corresponding clause in any Additional Loan Agreement, the Borrowers will not be required to deliver, or procure the delivery of, a Full Valuation Report every five years and a Desk Top Valuation Report in each year in which a Full Valuation Report is not produced.

For these purposes **Approved Valuer** means any of Countrywide plc, Jones Lang LaSalle Limited; Mazars Property Consultancy Limited or Savills (L&P) Ltd, or any subsidiary of any of them or such other reputable firm of surveyors which is a member of the Royal Institute of Chartered Surveyors as may be selected by any Borrower and approved by the Security Trustee from time to time.

Loan Events of Default and Enforcement

Borrower Default

Each of the following (which is set out in more detail in Clause 14 (*Borrower Default*) of the Raglan Housing Association Loan Agreement and will be set out in more detail in the corresponding clause in any Additional Loan Agreement) is a **Borrower Default**:

(a) ***Non-payment***: The Borrower does not pay on the due date any amount payable by it under the Finance Documents in the manner required under the Finance Documents, unless the non-payment continues for a period of not more than seven days in the case of principal and not more than fourteen days in the case of interest.

(b) ***Breach of other obligations***: The Borrower or any Eligible Group Member fails to perform or observe any of its obligations under the Finance Documents (other than as referred to in (a) above and (j) below) and (except in any case where, in the opinion of the Security Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the Security Trustee on the relevant Borrower or Eligible Group Member of notice requiring the same to be remedied.

(c) ***Other non-payment***: (A) Any other present or future indebtedness of the Borrower or an Eligible Group Member for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Borrower or any Eligible Group Member fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned in (A), (B) or (C) above in this paragraph (c) have occurred equals or exceeds £10,000,000 or its equivalent in other currencies (as reasonably determined by the Security Trustee) (and provided further, for the avoidance of doubt, that the amounts mentioned in (A), (B) or (C) above in this paragraph (c) shall exclude the amount of any Public Sector Subsidy except for any Public Sector Subsidy which is or becomes due and payable to the relevant grant making body or organisation).

(d) ***Enforcement Event***: An Enforcement Event occurs under a Finance Document.

(e) ***Winding-up***: Any order is made by any competent court or resolution passed for the winding up or dissolution of the Borrower or any Eligible Group Member save for the purposes of a Permitted Reorganisation or a reorganisation on terms previously approved in writing by the Security Trustee.

(f) ***Cessation of Business***: The Borrower or an Eligible Group Member ceases or threatens to cease to carry on the whole or, as determined by the Security Trustee, substantially the whole of its business, save for the purposes of a Permitted Reorganisation or a reorganisation on terms previously approved in writing by the Security Trustee.

(g) ***Failure or inability to pay debts***: The Borrower or an Eligible Group Member stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent.

(h) ***Insolvency***: Any of the insolvency related events occurs or proceedings are taken as referred to in Clause 14.9 (*Insolvency*) or Clause 14.10 (*Insolvency Proceedings*), respectively (which exclude any Permitted Reorganisation or reorganisation on terms previously approved in writing by the Security Trustee).

(i) ***Unlawfulness***: It is or becomes unlawful for the Borrower or any Eligible Group Member to perform any of its obligations under the Finance Documents to which they are, respectively, a party.

(j) ***Breach of Asset Cover Test***: The Borrower fails to perform its obligations under Clause 10 (*Asset Cover Ratio*) of the Raglan Housing Association Loan Agreement (or the corresponding clause in the relevant Additional Loan Agreement, as applicable) and (except in any case where, in the opinion of the Security Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 60 days next following the service by the Security Trustee on the Borrower of notice requiring the same to be remedied.

For these purposes **Permitted Reorganisation** means any amalgamation, merger, consolidation or transfer of engagements (whether entering into or acceptance thereof) of the whole of any Borrower's or any Eligible Group Member's property (including, for the avoidance of doubt, any statutory procedure as provided for under the Industrial and Provident Societies Act 1965) made between such Borrower or such Eligible Group Member, as the case may be, (**Party A**) and any other entity (**Party B**) provided that (i) Party B is a Registered Provider of Social Housing and any new amalgamated entity to be created as a result thereof will be a Registered Provider of Social Housing; (ii) following any such amalgamation, merger, consolidation or transfer of engagements in respect of which the property of Party A (including, for the avoidance of doubt, any liabilities) shall become vested in Party B or a new amalgamated entity, Party B or such new amalgamated entity will thereafter be responsible for all the liabilities of Party A pursuant to the Industrial and Provident Societies Act 1965; and (iii) a certificate executed by two authorised signatories of Party A or Party B confirming the above is provided to the Bond Trustee.

Obligation to Notify the Issuer and the Security Trustee

Each Borrower shall notify the Issuer and the Security Trustee of any Borrower Default (and the steps, if any, being taken to remedy it) or potential Borrower Default in respect of its Loan Agreement promptly upon becoming aware of the same. The Issuer shall also notify the Security Trustee of any Borrower Default or potential Borrower Default promptly upon becoming aware of the same (unless the Issuer is aware that a notification has already been provided by the relevant Borrower) including, but not limited to, the non-payment by a Borrower of any amounts owing to the Issuer under its Loan Agreement on the due date for payment thereof.

Borrower Default Notice

Following the occurrence of a Borrower Default (but in the case of the happening of any of the events described in paragraphs (b) (*Breach of other obligations*), (c) (*Other non-payment*) and (i) (*Unlawfulness*) above, only if the Security Trustee shall have certified in writing to the Borrower that such event is, in its opinion, materially prejudicial to the interests of the Issuer), the Issuer may declare by notice to the relevant Borrower either:

(a) that the security for the relevant Loan has become, whereupon the security for the relevant Loan shall become, immediately enforceable (and the Issuer shall notify the Security Trustee of the same in accordance with the Security Trust Deed); and/or

(b) (irrespective of whether a notice to the effect set out in (a) shall have already been given) that the Loan has become due and repayable, whereupon that Loan shall become immediately due and repayable at the outstanding balance thereof together with accrued interest, premium (if any) and any other amounts and the security therefor shall become immediately enforceable.

Enforcement

If the security constituted under any Security Documents for the benefit of the Issuer becomes enforceable as a result of the service of a notice pursuant to Clause 14.14 (*Borrower Default Notice*) (or the corresponding clause in any Additional Loan Agreement), then the Security Trustee or any Receiver (where appropriate) shall hold the monies arising from any sale, calling in, collection or conversion under, or otherwise arising from the exercise of, the powers of conversion contained in the Security Documents after the security has become enforceable upon trust to apply the same:

(a) first, in payment or retention of all costs, charges, expenses and liabilities incurred in or about the exercise of such powers or otherwise in accordance with the Security Documents and payments made by the Security Trustee, any Appointee or any Receiver in accordance with the Security Documents and of all remuneration payable to the Security Trustee, any Appointee or any Receiver in accordance with the Security Documents with interest thereon as provided in the Security Documents;

(b) second, in or towards payment to the Issuer of all interest then due and remaining unpaid on the relevant Loan and all commitment fees then due and remaining unpaid;

(c) third, in or towards payment to the Issuer of all principal and premium (if any) then due and remaining unpaid in respect of the relevant Loan; and

(d) fourth, in or towards payment to the Issuer of all other amounts then due and remaining unpaid under the relevant Loan Agreement.

Taxes

Each Borrower must make all payments to be made by it to the Issuer under, *inter alia*, its Loan Agreement, the Security Agreements and the Security Trust Deed, without any deduction or withholding for or on account of tax, unless a deduction or withholding is required by law.

If a deduction or withholding from any such payment is required by law to be made by the such Borrower, the amount of the payment due from such Borrower shall be increased to an amount which (after making such deduction or withholding) leaves an amount equal to the payment which would have been due if no deduction or withholding had been required.

If, as a result of any actual or proposed change in tax law, the Issuer determines (in its reasonable commercial judgement) that it would on the next following Interest Payment Date be required to make a withholding or deduction in respect of payments to be made by the Issuer to the Bondholders pursuant to the Conditions (other than in respect of a Bondholder Specific Withholding), it shall notify each Borrower of the same. Each Borrower may (but, for the avoidance of doubt, shall not be obliged to), in its sole discretion, pay to the Issuer its *pro rata* share of such additional amounts as will enable the Issuer (after such withholding or deduction) to pay to the Bondholders the amounts of principal and interest which they would have received in respect of the Bonds in the absence of such withholding or deduction. Each Borrower shall continue to pay such additional amounts to the Issuer unless and until such Borrower delivers to the Issuer a notice stating that it shall cease to make such additional payments with effect from the next following Interest Payment Date.

In the event that one or more Borrowers does not choose to make such additional payments (or indicates that it intends to cease to make such additional payments), the remaining Borrowers may (but, for the avoidance of doubt, shall not be obliged to), in their sole discretion, pay to the Issuer such increased amount as will enable the Issuer (after such withholding or deduction) to pay to the Bondholders the amounts of principal and interest which they would have received in respect of the Bonds in the absence of such withholding or deduction. If the remaining Borrowers (either collectively or individually) do not choose to make such payments and as a result the Issuer will not have sufficient funds to pay the additional amounts in respect of the Bonds, the Issuer shall not opt to pay such additional amounts (or, having so opted, will notify the Bond Trustee and the Bondholders of its intention to cease paying such additional amounts) and the Bonds shall be redeemed in accordance with Condition 9.3 (*Early Redemption for Tax Reasons*), whereupon each Borrower shall be required to prepay the outstanding balance of its Loan, together with accrued interest and accrued commitment fee thereon up to and including the date of redemption.

Governing Law

Each Loan Agreement, and any non-contractual obligations or matters arising from or connected with it, are governed by and shall be construed in accordance with English law.

DESCRIPTION OF THE SECURITY AGREEMENTS AND THE SECURITY TRUST DEED

The Issuer's obligations in respect of the Bonds are secured pursuant to the Bond Trust Deed in favour of the Bond Trustee for the benefit of itself and the Bondholders and the other Secured Parties by the Issuer Security, which includes an assignment by way of security of the Issuer's rights, title and interest arising under the Security Agreements and the Security Trust Deed.

The following description of the Security Agreements and the Security Trust Deed consists of a summary of certain provisions of the Security Agreements and the Security Trust Deed and is qualified by reference to the detailed provisions thereof. The Security Agreements and the Security Trust Deed are not, however, incorporated by reference into, and therefore do not form part of, this Prospectus.

Definitions used in this section but not otherwise defined in this Prospectus have the meanings given to them in the Security Agreements and/or the Security Trust Deed.

SECURITY AGREEMENTS

The Original Borrower has, in relation to the Initial Properties, entered into a Security Agreement dated 20th September, 2012. The Borrowers shall, in relation to any additional properties to be charged as underlying security for the Bonds, enter into further Security Agreements substantially in the form set out in the Security Trust Deed.

Eligible Group Members

Any Borrower may procure that additional properties are charged as underlying security for the Bonds by an Eligible Group Member. Eligible Group Members include any member of the Raglan Group which is approved by each existing Obligor and which has acceded to the Security Trust Deed and has created (and which is subsisting) or will create security pursuant to a Security Agreement substantially in the form set out in the Security Trust Deed. Unless otherwise approved by the Security Trustee, each such Eligible Group Member must be (i) a member of the Raglan Group and (ii) a Registered Provider of Social Housing.

Fixed Legal Mortgage and Charge

Pursuant to the Security Agreements, the Original Borrower has charged (and the Additional Borrowers and Eligible Group Members will charge), as security for the payment and discharge of all Secured Liabilities in favour of the Security Trustee for the benefit of itself and, *inter alios*, the Issuer:

(a) by way of a first fixed legal mortgage all the property specified therein together with all buildings and Fixtures, erections and structures thereon or in the course of construction thereon, the proceeds of sale of all or any part thereof and (so far as the same are capable of being mortgaged) the benefit of any covenants for title given or entered into by any predecessor in title of such Borrower or Eligible Group Member and any moneys paid or payable in respect of such covenants; and

(b) by way of first fixed charge:

  (i) all plant and machinery now or in the future owned by such Borrower or Eligible Group Member and its interest in any plant and machinery in its possession which form part of or are operated by such Borrower or Eligible Group Member on the Mortgaged Property;

(ii) all benefits in respect of the Insurances and all claims and returns of premiums in respect of the Mortgaged Property;

(iii) the benefit of all present and future licences, consents and authorisations (statutory or otherwise) held in connection with its business so far as it relates to the Security Assets or the use of any of the Security Assets specified in (a) and (b)(i) above and the right to recover and receive all compensation which may at any time become payable to it in respect thereof; and

(iv) if and in so far as the legal mortgage set forth in (a) above or the assignments set forth in the section entitled "*Assignment*" below shall for any reason be ineffective as legal mortgages or assignments, the assets referred to therein.

Assignment

Pursuant to the Security Agreements, the Original Borrower has covenanted (and the Additional Borrowers and Eligible Group Members will covenant), as security for payment and discharge of the Secured Liabilities, to assign to the Security Trustee for the benefit of itself and, *inter alios*, the Issuer all of its rights, title and interest in and to:

(a) the personal agreements and covenants by the tenants, lessees, licensees or other parties under the Letting Documents and by all guarantors and all security held by such Borrower or Eligible Group Member in respect of the obligations of the tenants, lessees, licensees or other parties under the Letting Documents (including, without limiting the generality of the foregoing, all moneys due and owing to such Borrower or Eligible Group Member or which may become due and owing to such Borrower or Eligible Group Member at any time in the future in connection therewith);

(b) all agreements now or from time to time entered into or to be entered into to for the sale, letting or other disposal or realisation of the whole or any part of the Security Assets (including, without limiting the generality of the foregoing, all moneys due and owing to such Borrower or Eligible Group Member or which may become due and owing to such Borrower or Eligible Group Member at any time in the future in connection therewith);

(c) all agreements, contracts, deeds, licences, undertakings, guarantees, covenants, warranties, representations and other documents (including all documents entered into now or in the future so as to enable such Borrower or Eligible Group Member to perfect its rights under the Security Agreement or any such agreement, contract, deed, licence, undertaking, guarantee, covenant, warranty, representation or other documents) now or hereafter entered into by or given to such Borrower or Eligible Group Member in respect of the Mortgaged Properties and all claims, remedies, awards or judgments paid or payable to such Borrower or Eligible Group Member (including, without limitation, all liquidated and ascertained damages payable to such Borrower or Eligible Group Member under the above) in each case relating to the Mortgaged Properties;

(d) all licences held now or in the future in connection with the relevant Mortgaged Property and also the right to recover and receive all compensation which may at any time become payable to such Borrower or Eligible Group Member in relation to the relevant Mortgaged Property;

(e) all rights and claims to which such Borrower or Eligible Group Member is now or may hereafter become entitled in relation to any development, construction project, redevelopment, refurbishment, repair or improvement of or on the relevant Mortgaged Property;

(f) all guarantees, warranties, bonds and representations given or made now or hereafter by, and any rights or remedies against, all or any of the designers, builders, contractors, surveyors, valuers, professional advisers, sub-contractors, manufacturers, suppliers and installers of any Fixtures in respect of the relevant Mortgaged Property; and

(g) all rental income and disposal proceeds in each case relating to the relevant Mortgaged Property which has not been assigned as set forth in (a), (b) or (c) above and the right to make demand for and receive the same,

provided always that, until an Enforcement Event has occurred and is outstanding (but subject to the terms of the Finance Documents), the Original Borrower (and any Additional Borrower or Eligible Group Member) shall be entitled to exercise all their rights and claims under or in connection with the agreements and covenants referred to in paragraphs (a) to (g) above.

Representations, Warranties and Undertakings

The Original Borrower makes (and each Additional Borrower and additional Eligible Group Member shall make) various representations in respect of the Mortgaged Property including as to ownership, planning permission, covenants and security interests. In addition, the Original Borrower undertakes (and each Additional Borrower and Eligible Group Member shall undertake) to, *inter alia*, repair, insure, pay or procure the payment of taxes in respect of and comply with all leases in respect of, the Mortgaged Property.

Enforcement of Security

Each Security Agreement provides, or will provide, that at any time after an Enforcement Event has occurred and is continuing, the security created by or pursuant to such Security Agreement will be immediately enforceable and the Security Trustee may enforce all or any part of such security.

The Security Agreements further entitle, or shall entitle, the Security Trustee and, *inter alios*, the Issuer to be indemnified out of the Security Assets in respect of, *inter alia*, all liabilities and expenses properly incurred by them in the execution or purported execution in good faith of any of the powers, authorities or discretions vested in them pursuant to the Security Agreements.

Governing Law

The Security Agreements, and any non-contractual obligations or matters arising from or connected with them, are, or will be, governed by and construed in accordance with English law.

SECURITY TRUST DEED

The benefit of the security created by the Borrowers and the Eligible Group Members pursuant to the Security Agreements shall be held by the Security Trustee on trust for the benefit of itself and, *inter alios*, the Issuer on the terms of the Security Trust Deed.

The Security

Designation of Security Assets

The Security Trust Deed provides that the Security Trustee, the Borrowers and, in the case of the Loan Agreements, the Issuer shall schedule and agree the allocation of properties which shall comprise the Issuer's Designated Security in respect of the Loan Agreements. All properties which are not Designated Security shall form the Undesignated Security.

Additional Security

Pursuant to Clause 2.3 (*Additional Charged Properties*), on or prior to a Borrower or Eligible Group Member entering into a Security Agreement in respect of any Property for the benefit of the Issuer, such Borrower or Eligible Group Member must deliver to the Security Trustee the documentation relating thereto as set out therein. Such documents must be in the form and substance satisfactory to the Security Trustee and the Issuer.

Release and Reallocation of Security

Pursuant to the terms of the Security Trust Deed, the Borrowers and the Issuer may agree to amend the Issuer's Designated Security by either removing Designated Security or by designating any Undesignated Security as the Issuer's Designated Security by, *inter alia*, delivering an amended Security Certificate signed by each Borrower and the Issuer to the Security Trustee.

At any time prior to the Security Trustee taking any steps to enforce the Undesignated Security, upon receiving instructions from the relevant Borrower or Eligible Group Member, the Security Trustee shall release the benefit of any encumbrance, rights or obligations held by it over the Undesignated Security provided that such Borrower or Eligible Group Member shall have paid to the Security Trustee, or provided for to the satisfaction of the Security Trustee, all Trustee Costs which relate to that Undesignated Security.

Any such release or reallocation will be subject to the requirements set out in the Loan Agreements (see "*Description of the Loan Agreements*" above).

Application of Proceeds

Upon the enforcement of, *inter alia*, all rights vested in the Security Trustee by virtue of, or pursuant to, its holding the interests conferred on it by the Security Documents, and after satisfying claims which at law rank in priority to sums owing under or in respect of any of the Relevant Documents, the Security Trustee shall apply all Proceeds and all money derived therefrom:

(a) in respect of Designated Security in the following order:

  (i) first, in payment of all Relevant Trustee Costs;

  (ii) second, in satisfaction when due of the Secured Liabilities (other than Relevant Trustee Costs) owed to the Relevant Beneficiary arising under or in connection with the Loan Agreement relating to such Designated Security in the order of priority set out therein;

  (iii) third, to the extent not recovered under (i) above, in or towards payment of all Trustee Costs;

  (iv) fourth, in satisfaction when due of the Secured Liabilities owed to each Other Beneficiary arising under or in connection with the Other Loan Agreements; and

  (v) fifth, in payment of any surplus to the relevant Borrower or Eligible Group Member.

(b) Any moneys received by the Security Trustee or by any Receiver appointed by it pursuant to any Security Document in respect of any Undesignated Security (together with the Related Security Assets) shall be applied by the Security Trustee in the following order:

(i) first, to the extent not recovered under paragraphs (a) above, in or towards payment of all Trustee Costs;

(ii) second, to the extent not recovered under paragraph (a) above, in or towards payment of the Secured Liabilities owed to each Beneficiary arising under or in connection with its respective Loan Agreement; and

(iii) third, in payment of any surplus to the relevant Borrower or Eligible Group Member.

Enforcement of Security

Pursuant to Clause 4.3 of the Security Trust Deed, the Security Trustee shall only be required to take action to enforce or protect the security in respect of the Loan Agreements if so instructed by the Issuer (and then only if it has been indemnified and/or secured and/or pre-funded to its satisfaction).

In respect of instructions given by the Issuer, the Issuer has assigned its rights under, *inter alia*, the Security Trust Deed and the Security Agreements to the Bond Trustee and, pursuant to Condition 6.3, has covenanted not to take any action or direct the Security Trustee to take any action pursuant thereto except with the prior consent of the Bond Trustee. The Bond Trustee may, but is not obliged to, seek the consent of the Bondholders in accordance with the Bond Trust Deed prior to giving any such consent.

In enforcing the Issuer Security (including the Issuer's rights, title and interests in the Security Trust Deed and the Security Agreements insofar as they relate to the Bonds) the Bond Trustee may act in its discretion. It is, however, required to take action, pursuant to Condition 12.2, where so directed by the requisite majority of the Bondholders provided, however, that it is secured and/or indemnified and/or pre-funded to its satisfaction.

Governing Law

The Security Trust Deed, and any non-contractual obligations or matters arising from or connected with it, are governed by and shall be construed in accordance with English law.

DESCRIPTION OF THE ACCOUNT AGREEMENT, THE CUSTODY AGREEMENT AND THE RETAINED BOND CUSTODY AGREEMENT

The Issuer has appointed The Bank of New York Mellon, London Branch, as its Account Bank pursuant to the Account Agreement, its Custodian pursuant to the Custody Agreement and its Retained Bond Custodian pursuant to the Retained Bond Custody Agreement in relation to the issue of the Bonds.

The Bank of New York Mellon, London Branch is a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its head office at One Wall Street, New York, NY 10286, USA and having a branch registered in England and Wales with FC Number 005522 and BR Number 000818 with its principal office in the United Kingdom at One Canada Square, London, E14 5AL. The Bank of New York Mellon's corporate trust business services $12 trillion in outstanding debt from 55 locations around the world. It services all major debt categories, including corporate and municipal debt, mortgage-backed and asset-backed securities, collateralised debt obligations, derivative securities and international debt offerings. The Bank of New York Mellon's corporate trust and agency services are delivered through the Bank of New York Mellon and the Bank of New York Mellon Trust Company, N.A.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 34 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has more than $23 trillion in assets under custody and administration and more than $1.1 trillion in assets under management. Additional information is available at www.bnymellon.com.

The following description of the Account Agreement, the Custody Agreement and the Retained Bond Custody Agreement consists of a summary of certain provisions of the Account Agreement, the Custody Agreement and the Retained Bond Custody Agreement and is qualified by reference to the detailed provisions thereof. The Account Agreement, the Custody Agreement and the Retained Bond Custody Agreement are not, however, incorporated by reference into, and therefore do not form part of, this Prospectus.

Definitions used in this section but not otherwise defined in this Prospectus have the meanings given to them in the Account Agreement, the Custody Agreement and the Retained Bond Custody Agreement.

ACCOUNT AGREEMENT

Accounts

The Account Bank shall maintain three accounts for the Issuer in respect of the Bonds: the Transaction Account, the Initial Cash Security Account and the Disposal Proceeds Account.

Initial Deposits

Pursuant to the Account Agreement, the Issuer shall on the issue date of the Bonds:

(a) credit the Initial Cash Security Account with the Retained Proceeds to the extent that such amount is not invested directly in Permitted Investments which are deposited in the Initial Cash Security Custody Sub-Account; and

(b) credit the Transaction Account with the net issue proceeds of the Bonds less the Retained Proceeds to the extent that such amount is not paid directly to the Original Borrower pursuant to, and in accordance with, the Raglan Housing Association Loan Agreement.

The Issuer shall, upon receipt, credit to the Disposal Proceeds Account all amounts received from a Borrower pursuant to Clause 11.3 (*Disposal Proceeds*) of the Loan Agreements.

Retained Bond Deposits

Pursuant to the Account Agreement, the Issuer shall, upon the sale of any Retained Bonds:

(a) credit the Initial Cash Security Account with the net sale proceeds of such Retained Bonds (less any Retained Bond Premium Amount), to the extent that such amount is not paid directly to a Borrower pursuant to, and in accordance with, a Loan Agreement; and

(b) credit the Transaction Account with the Retained Bond Premium Amount (if any), pending application in accordance with the Conditions.

Future Deposits and Withdrawals

The Issuer has covenanted, pursuant to the Bond Trust Deed that:

(a) prior to the enforcement of the Issuer Security, payments from the Initial Cash Security Account shall only be made to fund:

  (i) the Commitments pursuant to, and in accordance with the terms of, the Loan Agreements;

  (ii) payment to a Borrower or an Eligible Group Member in respect of any Bonds surrendered for cancellation in accordance with the Loan Agreements;

  (iii) the purchase of Permitted Investments pursuant to the Custody Agreement; or

  (iv) redemptions of the Bonds in accordance with the Conditions;

(b) prior to the enforcement of the Issuer Security, payments from the Disposal Proceeds Account shall only be made to a Borrower pursuant to, and in accordance with the terms of, the relevant Loan Agreement or to purchase Permitted Investments in accordance with the Custody Agreement; and

(c) no payments from the Transaction Account will be made other than in accordance with the Conditions and the Issuer has undertaken to procure that amounts are paid into and out of the Transaction Account only in accordance with the Conditions, the Account Agreement and the Agency Agreement.

The Account Bank is under no obligation to monitor compliance with the above covenants.

Interest

Any monies standing to the credit of the Transaction Account, the Initial Cash Security Account and/or the Disposal Proceeds Account will earn interest at the rate(s) agreed from time to time between the Account Bank and the Issuer.

Pursuant to the Account Agreement, interest accrued on the Transaction Account and the Initial Cash Security Account shall be credited to the Transaction Account and interest accrued on the Disposal Proceeds Account shall be credited to the Disposal Proceeds Account.

Change of Account Bank

The appointment of the Account Bank may, with the prior written approval of the Bond Trustee, be terminated upon 45 days' written notice or forthwith at any time the Account Bank is adjudged bankrupt or insolvent. The appointment of the Account Bank shall also be terminated in the event that the short-term senior, unsecured and unguaranteed indebtedness rating of the Account Bank as assigned by Moody's falls below "P-1" or is withdrawn and there are amounts standing to the credit of the Initial Cash Security Account and/or the Disposal Proceeds Account (subject to the Issuer using all reasonable endeavours to secure the appointment of a replacement Account Bank within 30 days of notice to the Bond Trustee and Moody's of such termination)).

The Account Bank may resign its appointment upon giving at least 60 days' written notice (subject to the appointment of a replacement Account Bank).

Pursuant to the Account Agreement, the appointment of any replacement Account Bank shall be subject to the prior written approval of the Bond Trustee, be on substantially the same terms as the Account Agreement and be subject to the condition that it must have a short-term senior, unsecured and unguaranteed indebtedness rating from Moody's of no less than "P-1".

CUSTODY AGREEMENT

Custody Account

Pursuant to the Custody Agreement, the Custodian shall, subject to receipt of such documents as it may require, open, in the name of the Issuer, the Disposal Proceeds Custody Sub-Account and the Initial Cash Security Custody Sub-Account (the **Custody Sub-Accounts**) and the Disposal Proceeds Cash Sub-Account and the Initial Cash Security Cash Sub-Account (the **Cash Sub-Accounts** and, together with the Custody Sub-Accounts, the **Custody Account**).

Payments and Delivery

The Issuer has authorised the Custodian to make payments and delivery out of the Custody Account only for the purpose of any acquisition or sale of Permitted Investments or as provided below.

Pursuant to the Custody Agreement, unless otherwise instructed pursuant to Instructions to make a payment out of the proceeds of any Distributions in respect of Permitted Investments purchased by or on behalf of the Issuer in the settlement of an acquisition of other Permitted Investments on or prior to the date of receipt of such Permitted Investments (subject as provided below), the Issuer has agreed to give Instructions to the Custodian, forthwith upon receipt by the Custodian of any Distributions, to transfer:

(a) all Distributions credited to the Disposal Proceeds Cash Sub-Account to the Disposal Proceeds Account;

(b) all Distributions (including any amount representing Permitted Investment Profit (if any)) credited to the Initial Cash Security Cash Sub-Account (other than Distributions which represent redemption and/or sale proceeds less any Permitted Investment Profit (if any)) to the Transaction Account; and

(c) all Distributions credited to the Initial Cash Security Cash Sub-Account (other than those to be credited to the Transaction Account pursuant to (b) above) to the Initial Cash Security Account,

subject, in each case, to any deductions in respect of any taxes or levies required by any revenue or governmental authority.

The Issuer has agreed that it shall not instruct the Custodian pursuant to Instructions to make a payment out of the proceeds of any Distributions standing to the credit of the Initial Cash Security Cash Sub-Account other than Distributions which represent redemption and/or sale proceeds (but excluding any amount representing Permitted Investment Profit (if any)) and that such amounts shall forthwith upon receipt be transferred to the Transaction Account in accordance with (b) above.

Interest

Any monies standing to the credit of the Disposal Proceeds Cash Sub-Account and the Initial Cash Security Cash Sub-Account will earn interest at the rate(s) agreed from time to time between the Issuer and the Custodian.

Change of Custodian

The appointment of the Custodian may, with the prior written approval of the Bond Trustee, be terminated upon 45 days' written notice (subject to the appointment of a replacement Custodian) orforthwith at any time the Custodian is adjudged bankrupt or insolvent. The appointment of the Custodian shall also be terminated in the event that the short-term senior, unsecured and unguaranteed indebtedness rating of the Custodian as assigned by Moody's falls below "P-1" or is withdrawn and there are Permitted Investments standing to the credit of the Custody Account (subject to the appointment of a replacement Custodian).

The Custodian may resign its appointment upon giving at least 30 days' written notice to the Issuer and the Bond Trustee (subject to the appointment of a replacement Custodian).

Pursuant to the Custody Agreement, the appointment of any replacement Custodian shall be subject to the prior written approval of the Bond Trustee, be on substantially the same terms as the Custody Agreement and be subject to the condition that it must have a short-term senior, unsecured and unguaranteed indebtedness rating from Moody's of no less than "P-1".

RETAINED BOND CUSTODY AGREEMENT

Retained Bond Custody Account

Pursuant to the Retained Bond Custody Agreement, the Retained Bond Custodian shall, subject to receipt of such documents as it may require, open, in the name of the Issuer, the Retained Bond Custody Sub-Account and the Retained Bond Cash Sub-Account (together with the Retained Bond Custody Sub-Account, the **Retained Bond Custody Account**).

Payments and Delivery

The Issuer has authorised the Retained Bond Custodian to make payments and delivery out of the Retained Bond Custody Account only as provided below.

Pursuant to the Retained Bond Custody Agreement, the Retained Bond Custodian shall not effect a transfer of any Retained Bonds except with the prior written consent of the Bond Trustee in the form of a Retained Bond Consent Letter which has been countersigned on behalf of the Bond Trustee.

Pursuant to the Retained Bond Custody Agreement, unless otherwise instructed pursuant to Instructions to make a payment out of any Sale Proceeds (other than any Retained Bond Premium Amount) to a Borrower in satisfaction of the Issuer's obligation to make an advance pursuant to its Loan Agreement, the Issuer shall give Instructions to the Retained Bond Custodian, forthwith upon receipt by the Retained Bond Custodian of any Sale Proceeds to transfer:

(a) all Sale Proceeds (other than any Retained Bond Premium Amount) to the Initial Cash Security Account, and

(b) all Retained Bond Premium Amounts to the Transaction Account,

in each case, subject to any withholding as required by applicable tax laws.

Payment Waiver

Notwithstanding any other provision of the Retained Bond Custody Agreement to the contrary and subject to the following paragraph, the Issuer has, pursuant to Clause 1.3 of the Retained Bond Custody Agreement, unconditionally and irrevocably:

(a) waived its rights to receive payments of interest, principal or otherwise in respect of the Retained Bonds and, for the avoidance of doubt, such waiver by the Issuer of such rights will continue to be effective following the occurrence of an Event of Default or Potential Event of Default (each as defined in the Bond Trust Deed);

(b) authorised the Retained Bond Custodian to disclose the waiver referred to in (a) above in respect of the Retained Bonds (and the Retained Bonds position with the Retained Bond Custodian) to the Principal Paying Agent and any applicable international clearing system for the Retained Bonds to ensure that the waiver of the right to receive payments of interest, principal or otherwise in respect of the Retained Bonds is effected; and

(c) directed the Retained Bond Custodian, in respect of each Retained Bond held by the Retained Bond Custodian on behalf of the Issuer in the Retained Bond Custody Sub-Account in definitive certificated form, to (i) on each Interest Payment Date, surrender the interest coupon for such Retained Bond corresponding to such Interest Payment Date to the Principal Paying Agent for cancellation, (ii) on each Instalment Payment Date, surrender the principal receipt for such Retained Bond corresponding to such Instalment Payment Date to the Principal Paying Agent for cancellation and (iii) surrender the definitive certificate representing such Retained Bond to the Principal Paying Agent for cancellation on any date on which the Retained Bonds are to be redeemed in full.

The Retained Bond Custodian and the Issuer have each acknowledged and agreed that the waiver, authorisation and direction provided by the Issuer as described above are irrevocable except with the prior written consent of the Bond Trustee in the form of a Retained Bond Consent Letter which has been countersigned on behalf of the Bond Trustee.

Interest

Any monies standing to the credit of the Retained Bond Cash Sub-Account will earn interest at the standard rate(s) set by the Retained Bond Custodian in its deposit terms and conditions, as may be issued by it from time to time.

Termination of Retained Bond Custody Agreement

Either of the Issuer or the Retained Bond Custodian may terminate the Retained Bond Custody Agreement by giving to at least 90 days' written notice to the other party.

Either of the Issuer or the Retained Bond Custodian may further terminate the Retained Bond Custody Agreement immediately upon notice to the other party upon the dissolution of that other party, or upon the commencement of any action or proceedings seeking liquidation (or equivalent) of that other party.

Pursuant to the Retained Bond Custody Agreement, the Issuer has covenanted for the benefit of the Bond Trustee that, in the event that the Retained Bond Custody Agreement is terminated, it shall appoint a successor custodian to hold the Retained Bonds on substantially the same terms as the Retained Bond Custody Agreement, in particular, but without limitation to, the payment waiver and transfer restrictions applicable to the Retained Bonds, as described above.

DESCRIPTION OF THE ISSUER

Incorporation and Status

Raglan Finance plc (the **Issuer**) is a public limited company incorporated in England and Wales with registered number 8190978 on 24th August, 2012 under the Companies Act 2006.

The registered address of the Issuer is Suite C, Lancaster House, Grange Business Park, Enderby Road, Whetstone, Leicester LE8 6EP. The telephone number of its registered address is 0800 011 6420. The Issuer has no subsidiaries.

Principal Activities of the Issuer

The Issuer is a special purpose vehicle established for the purpose of issuing the Bonds (and incurring other indebtedness (including other secured indebtedness but subject to the covenant set out in Condition 6.1 (*General Covenants*))) and lending the proceeds thereof to the Borrowers to be applied in the achievement of each Borrower's objects.

Directors

The directors of the Issuer and their other principal activities are:

Name	**Other Principal Activities**
Mr G. Blunden	Board member, the Original Borrower Board member, Raglan Homes Chair, Charity Bank Senior Independent Director, Beazley Plc Non-Executive Director, Beazley Furlonge Ltd Non-Executive Director, Beazley Capital Management Ltd
Mr D. Field	Board member, the Original Borrower
Mr J. Weguelin	Director (and chair person), Raglan Design and Build Ltd Board member, the Original Borrower Board member, Raglan Homes Director, Housing Securities Limited Director, Housing Securities (40) Limited Board member, Rosebery Housing Association
Mr J. Bruton	Director of Finance, Raglan Group Director, Raglan Developments Limited Director, Raglan Design and Build Ltd

The business address of each of the directors is Suite C, Lancaster House, Grange Business Park, Enderby Road, Whetstone, Leicester LE8 6EP.

The Secretary of the Issuer is Mrs A. Harling whose business address is at Suite C, Lancaster House, Grange Business Park, Enderby Road, Whetstone, Leicester LE8 6EP.

There are no potential conflicts of interest between any duties to the Issuer of the directors of the Issuer and their private interests and/or duties. However, each of the directors of the Issuer are board members or employees of the Original Borrower and two of the directors of the Issuer are also board members of Raglan Homes.

Share Capital and Major Shareholders

The entire issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each, all of which are paid up to 25 pence.

The Original Borrower holds all of the shares of the Issuer.

Operations

Since the date of incorporation, the Issuer has not commenced operations and no financial statements have been made up as at the date of this Prospectus.

DESCRIPTION OF THE ORIGINAL BORROWER, THE RAGLAN GROUP AND RAGLAN HOMES

ORIGINAL BORROWER

Incorporation and Status

Raglan Housing Association Limited (the **Original Borrower**) was incorporated on 1st February, 1973 and is registered in England with limited liability under the Industrial and Provident Societies Acts 1965-2003 (with registered number IP20558R) and is registered with the Regulator (with registered number L1556). It is also affiliated to the National Housing Federation. The Original Borrower is an exempt charity.

The registered office of the Original Borrower is Suite C, Lancaster House, Grange Business Park, Enderby Road, Whetstone, Leicester LE8 6EP. The telephone number of its registered address is 0800 011 6420.

Background and History

The roots of the Original Borrower date back to the 1960s when two voluntary groups, the Inskip League of Friendship and Poole and East Dorset Club for the Disabled, approached Poole Borough Council (now the Borough of Poole) to build housing for disabled people and formed the Inskip Housing Association. Around the same time St. Giles Housing Society, also a voluntary organisation and based in London, was providing homes for young disabled people near places of work. The two associations merged in February 1973 to form Inskip St Giles Housing Association, which was incorporated on 1st February, 1973 and which changed its name to Raglan Housing Association Limited on 12th March, 1976. With a new name came a new direction; whilst continuing to meet the original commitment to housing for disabled people, the Original Borrower began to address the differing needs of families, elderly people and young single people.

Following the merger of each of Dolphin Housing Association Limited and Astra Housing Association Limited with the Original Borrower in the 1990s, today the Original Borrower addresses a variety of housing needs in city, urban and rural areas, maintaining its commitment to housing for disabled people and a range of supported housing schemes. The Original Borrower now owns and manages over 12,000 affordable low cost homes in nearly 100 local authority areas, focusing on the south east, south west east and midlands of England.

Principal Activities of the Original Borrower

The Original Borrower aims to address a wide variety of housing needs with quality, affordable homes, efficient services and neighbourhoods where people want to live. Its principal activities are the provision of social housing and the provision and management of housing, in each case, for poor people or for the relief of aged, disabled or chronically sick people.

Board

The board members of the Original Borrower and their principal activities outside the Original Borrower, where these are significant with respect to the Original Borrower, are as follows:

Name	Principal Activities outside Original Borrower
Mr G. Blunden (chair person)	Director, the Issuer Board member, Raglan Homes Chair, Charity Bank Senior Independent Director, Beazley Plc Non-Executive Director, Beazley Furlonge Ltd Non-Executive Director, Beazley Capital Management Ltd
Mr M. Brown	None
Mrs S. Collins	Board member, Raglan Homes Trustee, Care South Director, Beauchamp House Nursing Home Ltd
Ms J. Crowe	Trustee, HACT
Mr D. Field	Director, the Issuer
Mr P. Hammond	Board member, Raglan Homes Director, Housing Securities Ltd Director, Housing Securities (40) Ltd Director, TIAA Ltd Director, TIAA (HA) Ltd Employee, Sector Housing and Consultancy (a trading name as part of Capita Business Services Ltd, part of the Capita Group)
Mr N. Harris	Chief Executive, Raglan Group Board member, Raglan Homes
Mr P. Robathan (deputy chair person)	Board member, Raglan Homes Trustee and Director, Groundwork South West Director, Raglan Design and Build Ltd Director (and chair person), Raglan Developments Ltd
Mrs S. Terry	Board member, Raglan Homes Board member, First Priority Housing Association Director, Argon Associates Ltd Director, Decision Tree Ltd
Mr J. Weguelin	Director, the Issuer Director (and chair person), Raglan Design and Build Ltd Board member, Raglan Homes Director, Housing Securities Limited Director, Housing Securities (40) Limited Board member, Rosebery Housing Association

The business address of each of the above board members is Suite C, Lancaster House, Grange Business Park, Enderby Road, Whetstone, Leicester LE8 6EP.

There are no potential conflicts of interest between any duties to the Original Borrower of the board members of the Original Borrower and their private interests and/or duties. However, each of the board members of the Original Borrower (other than Mr M. Brown and Mrs J. Crowe) are board members or employees of the Raglan Homes and/or the Issuer.

Corporate Governance

The board of the Original Borrower is supported by a committee structure comprising five functional committees and nine local sub-committees. Seven of the local sub-committees are geographically based and comprise six members, of which four are residents and two are independents. The remaining two committees are tenure-specific and are also made up of both resident and independent members. Members of the Services and Performance Committee and the local committees may also serve on the Complaints Review Panel, which provides the last internal stage for considering complaints brought by residents. This structure provides the board of the Original Borrower with the following support:

Risk & Audit Committee:	Oversees risk management, the audit function, and considers the annual financial statements and external and internal auditors' reports.
Finance & Treasury Committee:	Oversees the Original Borrower's finances and exercises borrowing and treasury powers.
Governance & Nominations Committee:	Oversees board and committee recruitment and performance, reviews members' remuneration and expenses, oversees the recruitment and performance of the Chief Executive, reviews staff terms and conditions.
Services and Performance Committee:	Oversees all aspects of the performance management of housing and support services, ensures resident participation, involvement and feedback is available to inform performance and service delivery, ensures accessibility and diversity are taken into account in planning, delivery and monitoring of housing and support services and liaising with the local services and performance committees.
Development Committee:	Monitors the Raglan Group's development programme, approves major new development projects and considers new development initiatives.
Local Services and Performance Committees (9)	Provides local scrutiny, ensures resident participation, involvement and feedback is available to inform performance and service delivery for the local area, ensures accessibility and diversity matters are fully considered and escalates matters of concern to the Services and Performance Committee.

The Original Borrower adopted the 2010 National Housing Federation Code of Governance in June 2011 and complies fully with it.

The Original Borrower is moving towards a closed membership in line with best practice.

Share Capital and Major Shareholders

The entire issued share capital of the Original Borrower is 32 shares of £1 each all of which are fully paid up. Shareholders are approved by the board of the Original Borrower and each shareholder may only hold one share. The shares have limited rights; they carry no entitlement to dividend; they are not repayable; and they do not participate in a winding up. The shares carry the following voting rights: to approve the financial statements, to appoint members to the board of the Original Borrower, and to appoint the auditors.

Recent Developments

There have been no recent events particular to the Original Borrower that are, to a material extent, relevant to the evaluation of the Original Borrower's solvency.

Corporate Rating

The Original Borrower has been assigned a credit rating of "Aa2" by Moody's. Moody's is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). As such Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation

THE RAGLAN GROUP

The Original Borrower is the group parent of the Raglan Group and, at the date of this Prospectus, the Original Borrower has three wholly owned subsidiaries in addition to the Issuer (which is itself a wholly owned subsidiary of the Original Borrower).

Raglan Developments Limited (formerly known as Raglan Homes Limited), was incorporated on 1st May, 2003 primarily to develop build-for-sale properties, but was dormant during the financial year ended 31st March, 2012.

Raglan Design and Build Limited was incorporated on 28th October, 2010 to procure the building and professional services for new build properties for other members of the Raglan Group.

Raglan Homes Limited was incorporated as a new Industrial and Provident Society subsidiary of the Original Borrower on 30th January, 2012 and is a Registered Provider of Social Housing. Raglan Homes Limited has not yet begun trading. Further information on Raglan Homes Limited is set out below.

RAGLAN HOMES LIMITED

It is expected that Raglan Homes Limited (**Raglan Homes**) will become an Additional Borrower at a later date.

Incorporation and Status

Raglan Homes was incorporated on 30th January, 2012 and is registered in England with limited liability under the Industrial and Provident Societies Acts 1965-2003 (with registered number IP31527R) and is registered with the Regulator (with registered number 4717). It is also affiliated to the National Housing Federation. Raglan Homes is an exempt charity.

The registered office of Raglan Homes is Suite C, Lancaster House, Grange Business Park, Enderby Road, Whetstone, Leicester LE8 6EP. The telephone number of its principal place of business is 0800 011 6420.

Background and History

Raglan Homes was incorporated as a new Industrial and Provident Society and a wholly owned subsidiary of the Original Borrower on 30th January, 2012. Raglan Homes is a Registered Provider of Social Housing and has not yet begun trading.

Principal Activities of Raglan Homes

Raglan Homes has not yet begun trading. It is intended that the principal activities of Raglan Homes will be the provision of social housing and the provision and management of housing in each case for poor people or for the relief of aged, disabled or chronically sick people.

Board

The Board members of Raglan Homes and their principal activities outside Raglan Homes, where these are significant with respect to Raglan Homes, are as follows:

Name	**Principal Activities outside Raglan Homes**
Mr J. Weguelin (chair person)	Director, the Issuer Director (and chair person), Raglan Design and Build Ltd Board member, the Original Borrower Director, Housing Securities Limited Director, Housing Securities (40) Limited Board member, Rosebery Housing Association
Mr G. Blunden	Director, the Issuer Board member, the Original Borrower Chair, Charity Bank Senior Independent Director, Beazley Plc Non-Executive Director, Beazley Furlonge Ltd Non-Executive Director, Beazley Capital Management Ltd
Mrs S. Collins	Board member, the Original Borrower Trustee, Care South Director, Beauchamp House Nursing Home Ltd
Mr P. Hammond	Board member, the Original Borrower Director, Housing Securities Ltd Director, Housing Securities (40) Ltd Director, TIAA Ltd Director, TIAA (HA) Ltd Employee, Sector Housing and Consultancy (A trading name as part of Capita Business Services Ltd, part of the Capita Group)
Mr N. Harris	Chief Executive, Raglan Group Board member, the Original Borrower
Mr N. Marshall	None
Mr P. Robathan	Director (and chair person), Raglan Developments Ltd Director, Raglan Design and Build Ltd Board member, the Original Borrower Trustee and Director, Groundwork South West

Name	Principal Activities outside Raglan Homes
	Director, Raglan Design and Build Ltd Director, Raglan Developments Ltd
Mrs S. Terry	Board member, the Original Borrower Board member, First Priority Housing Association Director, Argon Associates Ltd Director, Decision Tree Ltd
Mrs J. Weston	None

The business address of each of the above board members is Suite C, Lancaster House, Grange Business Park, Enderby Road, Whetstone, Leicester LE8 6EP.

There are no potential conflicts of interest between any duties to Raglan Homes of the board members of Raglan Homes and their private interests and/or duties. However, each of the board members of Raglan Homes (other than Mr. N. Marshall and Mrs J. Weston) are board members or employees of the Original Borrower and/or the Issuer.

Corporate Governance

The committee structure set out above in relation to the Original Borrower under the heading "Corporate Governance" applies equally to Raglan Homes.

The Original Borrower adopted the 2010 National Housing Federation Code of Governance on 6th March, 2012 and complies fully with it.

Share Capital and Major Shareholders

Raglan Homes is a wholly owned subsidiary of the Original Borrower. Raglan Homes operates a closed membership structure so that only the Original Borrower and each member of the board (other than an employee) may be a shareholder. Each shareholder may only hold one share. The shares have limited rights and carry no entitlement to dividend.

Recent Developments

There have been no recent events particular to Raglan Homes that are, to a material extent, relevant to the evaluation of Raglan Homes' solvency.

FINANCIAL STATEMENTS OF THE ORIGINAL BORROWER

The audited consolidated financial statements, including the reports of the auditors, for the financial years ended 31st March, 2011 and 31st March, 2012 for the Original Borrower are set out below.

Raglan Housing Association

Board report
and consolidated
financial statements

2011

RAGLAN
HOUSING

Contents

Board and officers

Mr M Brown
Mr G Blunden (Chair)
Mr P Callow (until 14.9.10)
Mrs S Collins
Ms J Crowe (from 20.7.10)
Mr D Field
Mr K Goldsworthy (from 14.9.10)
Mr P Hammond (from 14.12.10)
Mr N Harris (from 14.9.10)
Mr N Marshall
Mr C Mitchell (until 14.9.10)
Mr P Robathan
Mrs S Terry
Professor R Tomlins (until 14.9.10)
Mr J Weguelin
Mrs J Weston

Executive Management Team

Mr N Harris (Chief Executive)
Mr S Baxendale (from 1.11.10)
Mr J P Bruton
Mr A P Hall (until 8.4.11)
Mr M Ward (from 1.12.10)
Ms A Hill (until 8.6.11)
Ms J Lewis (until 31.8.10)
Mr S Booth (until 31.7.11)

If you would like a copy of this Board report and financial statements in large print, please contact Communications & Marketing via the Housing Services Centre on 01202 319119 or email info@raglan.org

The Board presents its report and audited financial statements for the year ended 31 March 2011.

Operating and financial review

Nature of the business

Activities

At Raglan we aim to address a wide variety of housing needs with quality, affordable homes, efficient services, and neighbourhoods where people want to live.

The Association operates in the South, East and East Midlands. During the year a subsidiary company was established to provide design and build services to the Association.

Raglan has been a major developer of new social housing across its areas of operation, and an investment partner of the Homes and Communities Agency for 2008 to 2011. Our development programme involves building new homes in inner city, market towns and rural and selected urban areas. We also develop redundant brownfield sites and refurbish empty properties to bring them back into use as new homes. Homes at affordable rents make up the greater part of our programme and we also provide shared ownership properties and low cost homes for key workers. Between June 2009 and June 2010, however, we did not have access to new allocations of grant while governance and management issues were resolved. As a result few new developments were started in the second half of the three-year period.

Front-line staff dealing with our residents and the management of properties are locally based, with management and administrative support from three regional and two area offices and our Housing Services Centre (HSC). The HSC is the first point of contact for residents and is able to deal with 80% of calls without referring them to local staff.

External environment

Following the general election in May 2010 the government announced a number of major changes affecting the social housing sector; however some of these required primary legislation which has not yet been passed, and so the extent of the impact remains unclear.

The basis for the construction of new housing through the Homes and Communities Agency has been changed with the amount of capital grant being reduced and subsidy coming from agreed programmes of rent increases for existing properties and also property sales. This increases the amount of debt needed to provide properties and the risk of new development. It also means that landlords need to review the service being offered to residents who will be paying higher rents.

It is intended that the Tenant Services Authority (TSA) will be incorporated into the Homes and Communities Agency in the form of a regulatory committee primarily concerned with financial and governance risks. Service delivery failings will be dealt with by the housing ombudsman, on referral from a local councillor or member of parliament.

Local authorities are reviewing their spending priorities following the removal of ring fencing of Supporting People grant. This is resulting in providers of support having to tailor their service to match the funding available.

A number of changes to the benefit system are proposed, which could have an impact on the ability of landlords to collect rent. These have still to be finalised, and the impact remains unclear.

The increase in the rate of value added tax increases the cost of repairing and renovating properties.

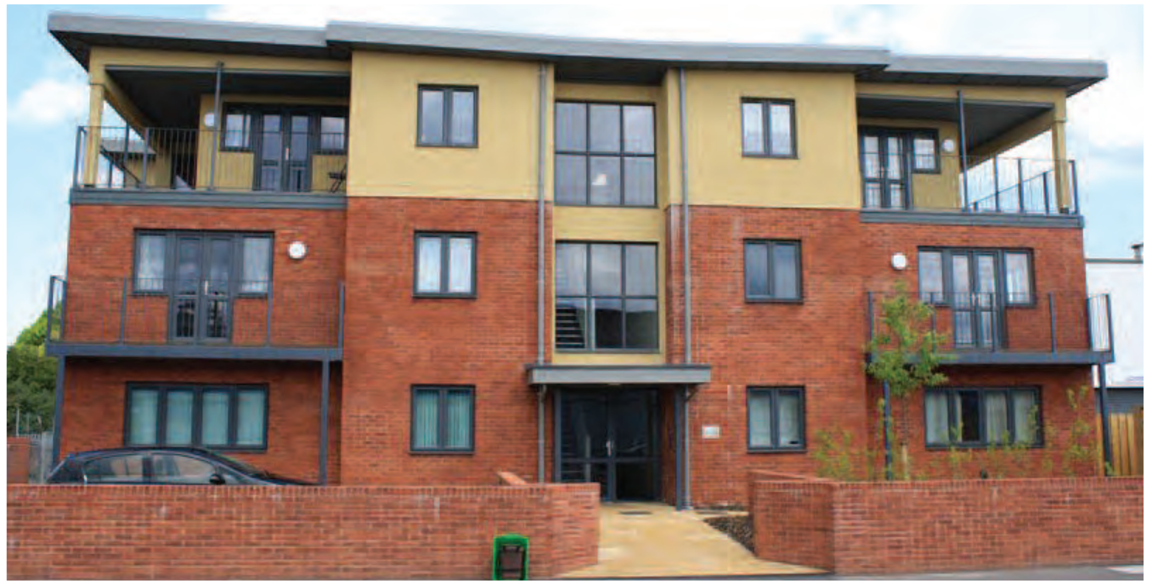
The availability of bank finance remains limited and the terms significantly worse than before the banking crisis. Bond finance is becoming more important to those landlords who have access to the market.

Regulation

Raglan Housing Association is a charitable Industrial and Provident Society, and a Registered Provider with the TSA.

In 2009, following a short notice inspection by the Audit Commission, the TSA revised their judgment of the housing service to "below the standard expected". They also judged that the governing body of the Association needed to take further action to ensure capable leadership and control of the organisation. Following changes to governance and management control, the TSA issued a further regulatory judgement in November 2010 that the Association was again compliant with the regulatory code.

Throughout this period the TSA judged the Association to be compliant with the regulatory code in respect of financial viability.



Award winning Abbey House in Taunton

Vision and mission

Major changes have taken place in the operating environment of the Association and in the composition of its Board and executive. In consequence the Association has reviewed its vision and mission.

The vision is that in 2016 it will have become a thriving, geographically diversified, nationally admired, leading housing association. Its success will have been based on re-asserting and building on its traditional historic expertise in providing top quality rural, market town and selected urban housing as well as its acknowledged expertise in providing quality, successful supported housing schemes.

Specifically, Raglan will:

- Be a market leader delivering new high quality homes each year in rural, market towns and selected urban areas. These will be a mix of Section 106 and the new affordable housing scheme.
- Have at least 15,000 homes and will have grown by development, acquisition and merger.
- Operate in the South East, South West, Bedfordshire and East Midlands of England. We will provide excellent services to local communities using our locally based staff.
- Deliver one environmental exemplar scheme per year.
- Continue to provide top quality rented and leasehold sheltered housing and attain a quality accreditation for this service.
- Achieve an overall quality accreditation equivalent to a two star service.
- Respond creatively to the new opportunities facilitated by the new coalition government's proposals in delivering more affordable homes.

The mission of the Association is to be:

- The market leader in the provision of high quality homes in rural, market town and selected urban areas and to be a leading specialist provider of exceptional supported housing schemes.
- The first choice landlord, partner and employer in these areas of operation and to be influential in the housing movement nationally.
- A force in meeting the housing needs and aspirations of all our residents.

Strategies

Raglan is reviewing its long-term strategy and is currently implementing a plan to meet the short term needs of the business. These are grouped under the following headings:

- Complete the office relocation strategy.
- Peer review of services.
- Rebuild the development programme to 200 completed homes per annum in the South West, South East and Midlands by 2013/14 with 150 in 2011/12 and 250 in 2012/13.
- Achieve upper quartile KPI.
- Optimise the level of grant received from the HCA under the new arrangements for the funding of social housing.
- Housing Services Centre to obtain formal quality accreditation.
- Complete a comprehensive communication strategy.
- Obtain code of practice for sheltered housing.
- Provide a cost effective repairs service that meets tenants' needs.
- Deliver the development programme on a two thirds/one third tenure basis, in favour of rent over shared ownership.

Performance in the period

Responsive repairs

2010/11 was a turbulent year due to our largest contractor going into administration. Whilst the OJEU retendering of four new contract areas was at an advanced stage by the time it entered administration, only two of these were successfully retendered and initially we had to make emergency arrangements to cover all areas. Fortunately, we had interim arrangements ready and with careful management the changeovers were fairly seamless. However, further changes were put in place early in 2011/12. These events impacted on performance. However, the new contractors, after the inevitable teething problems, have performed increasingly strongly in the last quarter, as illustrated below. Q1 2012 performance is close to target. We have also maintained top quartile customer satisfaction all year.

Performance indicator: Percentage of repairs completed on target.

	Target	Q4	2011	2010	2009
Emergency	99%	98%	**97%**	93%	96%
Urgent	97%	87%	**82%**	84%	76%
Routine	97%	89%	**88%**	82%	82%

Major repairs

Expenditure on major repairs is dictated by our asset management strategy. The majority of expenditure is on window, bathroom, kitchen and heating replacement. Details of expenditure are set out in the review of financial performance. In the course of the year we improved procurement techniques to enhance value for money, as detailed below under efficiency.

Decent homes standard

All of the Association's properties comply with the decent homes standard, with the exception of 47 homes shown as falling below the DHS threshold of 35. From prior experience we believe this is attributable to an anomaly in the desktop calculation originally used to populate our asset database. In these cases we carry out an Energy Performance Certificate (EPC) survey to provide an accurate assessment and incorporate any improvement proposals (such as additional insulation) into current programmes. In the course of the year a number of properties (all empty) awaiting disposal or redevelopment technically failed the DHS.

Efficiency

During the year the Group achieved efficiency gains of £1.1 million in the procurement of replacement kitchens and bathrooms and in gas servicing. Efficiencies of £165,000 were achieved in other areas of operation. Plans for further efficiency gains are being formulated.

Tenant satisfaction

The STATUS survey is being carried out in 2011 but the results are not yet known.

Rent collection

Rent collection across all of the Association's stock was 96.29% (2010: 98.85%).

Performance indicator: Rent Arrears.

Definition and calculation: Total amount of arrears of current tenants at the end of the period as a percentage of the annualised gross rent.

Purpose: To identify the amount of rent outstanding at the end of the period. A high percentage has a cost, as cash is being received later and also increases the risk of bad debts.

Target and performance

Target	2011	2010	2009
4.5%	**4.04%**	3.97%	4.15%

(2010: target 4.5%)

Voids

The average void relet time for the year was 36.26 days (2010: 68 days). The number of void properties at the year end was 97 (2010: 247).

Performance indicator: Rent loss on empty properties.

Definition and calculation: This is the percentage of the rent due which was lost because of properties being void, some of which are available to let and some of which are unavailable.

Purpose: To express the proportion of rent loss through properties being vacant.

Target and performance

Target	2011	2010	2009
1.75%	**1.23%**	1.66%	1.93%

(2010: target 1.75%)

Environmental

At 31 March 2011 the average SAP energy efficiency rating on the new definition of our properties was 69 (2010: 68). The improvement in the rating was due to the inclusion of new properties and energy related works, such as insulation, doors, windows and new boiler/heating systems undertaken in the year. In 2010 Raglan was at the median of housing associations with more than 3,000 units. The scoring relies significantly on cloned data and we have found that where we carry out an EPC the actual rating is usually significantly higher. Replacement of cloned by real data is likely to have the biggest influence on future ratings.

Raglan has identified the properties that are likely to contain asbestos, based on date of construction or conversion, and a full programme of surveying and testing is being carried out, in compliance with the latest guidance. Our maintenance partners have access to this information. We started a comprehensive review of records and procedures that will deliver better information and enhance compliance in 2012. We have also taken steps to enhance our compliance with fire safety regulations and spent nearly £1 million on fire risk assessments and associated works. Generally, we have strengthened the focus on key health and safety compliance issues for gas, water and electricity.

Development

During the year 324 rented and ten shared ownership properties were completed and 26 rented and three shared ownership properties units started on site. Grant received was £12.8 million. It is expected that 43 completed properties will come into management in 2011/12.

Seven completed properties built for shared ownership were available for sale at the year end and 16 are being let on an intermediate rent basis.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Board has adopted a Health and Safety Policy supported by a detailed procedure manual. Learning and development in health and safety is provided to all staff.

Resources

Board

The Board is responsible for the proper and effective management of the Association.The Board, working with the Executive Management Team led by the Chief Executive, undertakes this role through strategic direction, establishing a framework for delegation, and holding the Executive Management Team to account for performance. This includes accountability to residents and other stakeholders, such as funding providers and partner local authorities. Board Members and the Executive Management Team are listed on page 1. The Board comprised 13 Members at 31 March 2011, including three resident Members and one executive Member.

The Board seeks to have a membership that reflects the diversity of Raglan's residents and the communities where we work. During the year, Peter Hammond joined the Board as chair of the Risk and Audit Committee; Keith Goldsworthy took up the third resident place and Nicholas Harris joined as an executive Board Member.

Current obligations of Board Members to the Board and the Association

Board Members are collectively responsible for ensuring the success of the Association and for its compliance with all legal and regulatory obligations. Individual Members are required to play an active role in the work of the Board and its committees, including preparing for, attending and participating in meetings, as well as undergoing induction, learning and development activities and an annual appraisal. Members are expected to comply with and uphold the Association's purpose, values, objectives and policies, share responsibility for decisions taken, and represent the Association.

Skills, qualities and experience required by the Board amongst its Members

To discharge its responsibilities for the direction of the Association, Raglan's Board needs a broad range of skills, competencies, experience and knowledge. In addition, we seek to have a diverse membership, reflecting the communities the Association serves. All Members are expected to demonstrate customer focus, strong communication and interpersonal skills, strategic thinking and leadership.

The Board has agreed that, collectively, it shall include Members with skills and experience in and/or knowledge of:

- building/property
- business involvement at a senior level
- charity/not for profit
- communication
- equality and diversity
- financial
- governance
- housing and sustainable communities
- HR
- IT
- legal
- political understanding

Official opening at Gillian Allen Court, Wellington – Colin Allen cuts the ribbon with Raglan's Vice-Chairman Paull Robathan

Policy for selecting tenant Board Members

Tenant Board Members are selected in accordance with the Association's Board and Committee Member Recruitment Policy. Vacancies for the resident places on the Board are advertised to all residents. In addition to assessing the candidates' skills and experience, the selection process for resident places takes account of the diversity, tenancy type held and geographical location of candidates, with a view to achieving a balanced representation of residents, consistent with the Association's housing portfolio.

Governance structure

During the year, a new committee structure of five functional committees and nine local sub-committees was established. seven of the local committees are geographically based and comprise six Members, of which four are residents and two independents. The remaining two are tenure- specific and are also made up of both resident and independent Members. Members of the main Services and Performance Committee and the local committees may also serve on the Complaints Review Panel, which provides the last internal stage for considering complaints brought by residents. The new structure provides the Board with the following support:

Risk & Audit Committee:	Oversee risk management, the audit function, and consider the annual accounts and external auditors' reports.
Finance & Treasury Committee:	Oversee the Association's finances and exercise borrowing and treasury powers.
Governance & Nominations Committee:	Oversee Board and committee recruitment and performance, review of Members' remuneration and expenses, oversee the recruitment and performance of the chief executive, review staff terms and conditions.
Services and Performance Committee:	Oversee all aspects of the performance management of housing and support services, ensure resident participation, involvement and feedback is available to inform performance and service delivery, ensure accessibility and diversity are taken into account in planning, delivery and monitoring of housing and support services and liaising with the local services and performance committees.
Development Committee:	Monitor the Association's development programme, approve major new development projects and consider new development initiatives.
Local Services and Performance Committees (9):	Provide local scrutiny, ensure resident participation, involvement and feedback is available to inform performance and service delivery for the local area, ensure accessibility and diversity matters are fully considered and escalate matters of concern to the Services and Performance Committee.

Policy for admitting new shareholders

The Association reviewed its shareholding policy this year and is now moving towards a closed membership.

Code of governance

Raglan adopted the 2010 National Housing Federation Code of Governance in June 2011. There is one aspect of the Code with which we do not comply relating to the size of the Board. During the year, the Association's Rules were changed to provide for a maximum of 14 Members plus co-optees to provide flexibility to support the current Board succession programme. In the longer-term the aim is to reduce the size of the Board in line with the Code.

Access to information

Raglan aims to work in a transparent and open manner, making information publicly available unless there are justifiable reasons for not doing so. Reasons would include information that is commercially or financially sensitive, personal details of residents, staff and Board/Committee Members or data of a type where its disclosure would be a breach of the law.

Information takes a variety of forms from reports, policy statements, minutes, publications and can be obtained on request. Information may also be found on our website www.raglan.org.

Subsidiary company

The Association has two wholly owned subsidiary companies, Raglan Homes, which was set up primarily to develop build-for-sale properties, but was dormant during 2010/11, and Raglan Design and Build, which was set up during the year to procure the build and professional services for new build properties. Consolidated financial statements have therefore been prepared for the first time this year.

Executive Management Team

Day to day management is delegated to the Chief Executive and the other members of the Executive Management Team who meet regularly and attend Board meetings. Scott Baxendale was appointed Director of Neighbourhood Services in November 2010 and Martin Ward Director of Asset and Information Management in December 2010.

Staff strategies

Raglan recognises that the people we employ have a direct impact on business results.
Our staff strategies are designed to:

- further the business objectives of Raglan
- improve our performance and service delivery to residents and others
- aspire towards Raglan being a first choice employer in our areas of operation
- arrange extensive provision for learning and development at all levels of the business
- foster a culture of continuing improvement
- promote effective communication at all levels of Raglan
- provide a safe and positive environment for our staff
- provide equal access to opportunities for all sections of the community
- be aligned with nationally recognised quality initiatives that benefit Raglan and staff

Performance indicator: Staff turnover.

Definition and calculation: Number of leavers in the year through resignation, excluding redundancies, divided by the permanent head count at the end of the period.

Purpose: To assess if the level of staff turnover is high, which increases recruitment costs, lowers productivity while new staff learn their job, and lowers morale amongst remaining staff.

Target and performance

Target	2011	2010	2009
<10%	**14.2%**	9.7%	8.9%

Raglan is undergoing major change with an emphasis on the localism agenda and improving services to residents. This initiative has seen a focus on providing more staff to front line services with a review of support functions, working practices and processes and value for money, culminating in a planned move of our corporate head office to Reading during 2011/12. The change programme has seen an increase in staff turnover, which is anticipated to peak in 2012 before returning to its more normal levels.

Diversity

We have an Equality and Diversity Policy that is underpinned by a Single Equality Scheme (SES) which incorporates the seven strands of diversity. The scheme enhances the delivery of equality and diversity issues through a modular format to allow for the development of standards and actions across the strands of diversity. Residents and staff were heavily involved in a major review of the SES in December 2010. Actions are now incorporated into service reviews as part of our approach to mainstreaming equality and diversity into the way we work. Actions are monitored through newly purchased software and incorporate deadlines and identify managers responsible for implementation. A copy of the SES, including our latest performance report, can be found on our website. Monitoring of the success of this approach is being undertaken by the Board on a regular basis.

In addition to fulfilling our statutory and regulatory responsibilities to promote equality of opportunity in all our activities, we are committed to developing a culture that values employees from all sections of the community, committing sufficient resources to promote Raglan in areas where we are under represented.

Work/life balance

In pursuit of our aim of being a first choice employer in our areas of operation, we operate an individual approach to staff, irrespective of their gender or family commitments, in dealing with applications for preferred individual working terms and conditions of employment. These may include options such as participating in flexi-time, compressing full-time hours into a shorter working week, working from home, part-time work or job sharing, and extended or sabbatical leave.

In all instances, delivery of service to residents is paramount and must not be compromised in considering such applications.

Learning and Development

We recognise that providing learning and development opportunities is key to reducing the impact of skills shortages within all functions. Raglan continues to commit more than 2% of its annual salary bill to the provision of learning and development, which exceeds the Chartered Institute of Personnel and Development's benchmark. Initiatives run in the last year include the introduction of an Institute for Leadership and Management programme for our second tier of managers, with a focus on developing leaders who can manage significant change and drive through performance improvements. As in previous years, our focus for all staff in the coming year continues to be on performance management and customer service improvement. Our on-line learning facility has had further improvements which allow us to monitor completion of essential learning programmes more effectively.

Our recently introduced learning and development programme, entitled "The Building Blocks of Management" for our third tier of managers has proved successful and we will be running a fourth programme during 2011/12. The programme is targeted at equipping newly appointed managers, and managers who have had no formal training, with the essential skills they need to be successful in delivering quality services to our residents through their teams. The programme is accredited through the Institute of Leadership and Management.

All members of the newly-formed Local Service and Performance Committees have begun a comprehensive learning and development programme to enable them to fulfil their role in the governance of the organisation. It covers issues such as equality and diversity, performance management, finance and committee skills. Additional training has been provided to those chairing committees.

Raglan is accredited with the Investors in People standard and we successfully re-affirmed our status by May 2011. The Core Standard has enabled us to assess our performance more effectively on staff issues over key aspects of the business, and an action plan has been developed to address the areas for improvement highlighted in the assessment.

Communication

We have a comprehensive two-way communication process with staff which includes team briefings, annual appraisals and regular one-to-one meetings, an employee satisfaction survey and staff conference, both undertaken on a two-yearly basis, and a quarterly staff magazine. During 2008 a business briefing note entitled What's Going On? was introduced and it now forms the backbone of the monthly and quarterly team briefings for all staff. Information on our activities, policies and procedures are held on an intranet site.

Staff consultation

Raglan has a Staff Committee whose Members represent either specific geographical areas or departments within the organisation. During the early part of 2011 we reviewed its agreement with the Staff Committee, which commits us to consulting with and informing staff of issues that may affect their terms and conditions of employment, including mergers, acquisitions and restructuring. The committee have seen their roles expand with a greater emphasis on advocating for their colleagues. We have also provided financial support to the Chair of the Committee so that it is able to carry its role more effectively. The Staff Committee submit ideas and proposals that seek to improve the terms and conditions of employees and have, during the year, seen improvements in business processes and the enhancement of policies. The Staff Committee is actively engaged in the delivery of health and safety and equality and diversity initiatives within Raglan.

The Chief Executive and designated Management Team Members meet quarterly with the Staff Committee to discuss and consult on Raglan-wide matters. The Director of Human Resources meets monthly with members of the Staff Committee.

Risks and uncertainties

The assessment, mitigation and management of risk is embedded throughout the Association's procedures. Key examples are:

- The assessment of all prospective residents of rented and leasehold properties.
- The structured process for examining health and safety risks, with monitoring against baseline assessments.
- The appraisal of every prospective housing development against quality standards, special risks such as site conditions, and for an acceptable financial profile.
- A comprehensive internal audit programme carried out by an external provider.

Alongside these embedded systems, designated managers are responsible for each identified risk area. Risk managers are also required to monitor the operation of internal controls over key corporate risks, and risk management is a standing agenda item for all one-to-one and appraisal meetings.

New, emerging and highest scoring risks are considered by the Risk and Audit Committee on a regular basis at its meetings throughout the year, together with changes in risk impact assessments.

The Director of Finance manages the process of risk appraisal and review against the business plan, and reports on this and the operation of controls to the Board using a scoring system. The Chief Executive reports to the Risk and Audit Committee on the effectiveness of the internal control environment.

The Association has completed a review of its risk strategy, defined its risk appetite and identified the strategic risks and opportunities related to its corporate objectives:

- increased cost of existing financial commitments
- office move
- new development funding environment
- change at the top
- volatility of main income streams
- becoming an organisation that doesn't miss opportunities
- becoming a learning organisation
- organisational overload
- understanding/educating stakeholders' perceptions
- unclear geographical strategy
- clarity of Raglan's 'Offer'/USP
- insufficient financial capacity
- embedding efficiency
- contractor/partner insolvency/poor performance

Relationships

Resident involvement

Raglan Housing Association seeks to put resident involvement at the heart of all its activities so that residents can both influence the delivery of housing services and play an active part in the governance of the Association. Based on our Resident Involvement Policy, we have a rolling three-year strategy to deliver this commitment.

There is a wide range of opportunities for residents to become involved in influencing service delivery and governance:

Service delivery

- Policy Consultation Panel – contributes to the formulation and review of housing services policies.
- Technical Services Panel – is consulted on matters such as cyclical decoration and term maintenance contracts.
- Specialist Panels – young persons; older persons; disabled persons; estate services liaison – consulted in their particular area of specialisation.
- Diversity Panel – in liaison with our Single Equality Scheme, we have now set up this panel that will work with us on Equality and Diversity matters, including carrying out equality impact assessments on housing services policies and procedures.
- Ad hoc Focus Groups – these are set up by the community initiatives team to work with the Association on various matters, such as major procedure reviews. During the past year, events have been held to review our complaints process and the way anti-social behaviour is handled. Both have been very successful and have resulted in significant changes to the way we do things.
- Value for Money – a VFM strategy is being developed and this will involve substantial resident input. Our existing Estate Services Liaison Panel is expected to be re-named our Value for Money Panel. We aim to recruit many more residents to it and enable the panel to be regionally based and work with staff and other residents in, for example, developing estate agreements. We also plan to look further into the concept of tenant scrutiny and tenant inspection.
- Estate Agreements – between residents' groups and the Association over a number of things including the standard of estate based services and the balance between cost and quality. (see VFM Panel above).
- People with Opinions – a standing group of residents who don't want to be part of formal representative groups but still wish to play a part in service delivery and policy work.
- Readers Group – another standing group of people that assists the Association in producing easily-read documents.
- Estate Taskforce – where an individual estate receives intensive work over the course of a year in order to improve the environment and quality of life for residents there. This involves extensive close co-working with residents and residents' groups. We are now on our fourth project, an estate in Shrewsbury, Shropshire. This follows a successful project in Weymouth which has just finished.
- Mystery shopping – introduced during 2008. Residents have been recruited and trained as mystery shoppers. Apart from mystery shopping and their routine calls to our Housing Services Centre (HSC), they also carry out a number of scenarios, for which we pay £25 every three months. The community initiatives team carries out the recruitment and training of residents. While the mystery shopping has, thus far, been confined to the qualitative service of our HSC, plans are being developed to extend this to the service given by other front-line staff, such as housing officers and surveyors.

Governance

- Formally-constituted Residents' Associations which can elect members to the Area Forums.
- Scheme-based elected spokespersons who can elect members to the Area Forums.
- Residents who elect members to the Local Services and Performance Committees.
- Local Services and Performance Committees, which can nominate a member to the Services and Performance Committee.
- Board – three Board Members are recruited from residents who are actively involved in the Association's resident participation activities.

Apart from the arrangements listed above, Raglan's community initiatives team works with residents at scheme level to improve their environment through a range of activities. In particular, we have an annual, scheme-based project where an 'Estate Taskforce' including housing services staff work intensively with residents and external agencies to improve residents' quality of life and environment. The taskforce addresses problems such as anti-social behaviour, vandalism and general disengagement and exclusion. The initiative also contributes to efficiency savings by:

- reducing tenancy turnover through residents being happier living where they do;
- reducing void repair costs;
- decreasing arrears by introducing a local residents' reward scheme;
- reducing communal repair costs that result from vandalism and graffiti, through residents taking greater pride in their environment and being more engaged with their neighbours; and
- increasing confidence in the Association and other agencies such as the police, by demonstrating the will to challenge anti-social behaviour; and improving the relationship between residents and the Association through the intensive partnership working of the project.

Financial inclusion

The Association is committed to helping to promote and increase financial inclusion. During the year the Association has continued its commitment to the part-funding of a money advice and debt counselling project in Weston-Super-Mare, Somerset, where the Association has a concentration of rented properties. The service, administered by the local Citizens' Advice Bureau and Credit Union offers an integrated debt counselling/money advice service along with setting up basic bank accounts, getting loans at a reasonable rate of interest and setting up savings accounts. It is hoped that, over the initial three years of the service, arrears and eviction will decrease, resulting in a more stable community and lower void repair costs. We financially support the South Coast Moneyline, which provides competitive loans to our residents in Southampton, Portsmouth and Eastleigh, and, in addition, we have given a financial commitment of £1,000 to the Coastal Credit Union, who provide credit union facilities to persons with a BH post code.

Wilstock Village, Somerset

Financial Position

The Group income and expenditure account is summarised in the following table:

	2011 £'000	2010 £'000
Turnover	54,972	54,179
Operating Costs	(43,406)	(40,618)
Cost of sales	(575)	(2,341)
Net interest charges and finance costs	(10,445)	(11,379)
Surplus on sale of assets	588	204
Surplus for the year	1,134	45

Turnover

Turnover increased by £0.8 million (1.5%) as a net result of rent increases and increased housing stock and reduced shared ownership sales.

Maintenance

Routine maintenance expenditure for the year was £9.45 million, an increase of 4.7% from the previous year. The failure of the Association's largest repairs contractor during the year and the need to put new arrangements in place did not therefore result in a significant increase in costs.

The cost of planned works was £3.54 million (2010: £2.93 million). The normal cycle of works means that expenditure varies from year to year, but there was increased expenditure on fire safety.

Major repair expenditure was £9.97 million, of which £0.67 million was capitalised (2010: £9.16 million, of which £0.94 million was capitalised).

Operating margin

Operating costs from social housing rose by 7.02% in the year due mainly to the maintenance costs and the stock growth discussed above. This resulted in the operating margin from social letting decreasing from 26.2% to 24.7%.

Sales of first tranches of shared ownership properties showed a surplus of £161,000 (2010: £114,000).

Interest payable

	2011	2010
Average borrowings	£259 million	£250 million
Proportion fixed	67%	78%
Weighted cost of funds	4.15%	4.65%

Pension costs

The Association participates in two pensions schemes: The Dorset County Pension Fund (DCPF) which is accounted for as a defined benefit scheme under FRS 17 and the Social Housing Pension Scheme (SHPS) which is a multi-employer defined benefit scheme. From 1 April 2011 the SHPS defined benefit scheme is closed to new members. New employees will be offered the SHPS defined contribution scheme, with the employer matching the employees' contribution levels.

Raglan's deficit in DCPF fell from £3.1 million to £2.1 million in the year as the result of future pension increases being linked to CPI rather than RPI, a fall in the real discount rate and a reduction in the assumed life expectancy of members.

A provisional actuarial update of the funding position of SHPS at September 2010 showed a funding level of 80.0% (September 2009: 70.0%). During the year the employer contribution rate for Raglan was between 7.0% and 8.3%, depending on the level of benefit provided, plus deficit contributions of 7.5% of pensionable salaries. Contribution rates are unchanged after 1 April 2011. In addition, Raglan will pay a surcharge of 1.5% of pensionable earnings from 1 April 2011 as a result of closing the scheme to new employees.

Fixed assets

A review of the value of the Association's fixed assets has been carried out. As a result an impairment charge of £104,000 (2010: £nil) has been recognised for one of its housing schemes. As a result of the planned relocation the Association's freehold office in Poole has been re-classified as a current asset and written down by £107,000 to reflect its net realisable value.

Forecasts

The Association is forecasting a deficit excluding asset sales for 2011/12 of £779,000. The surplus on sales of properties is forecast to be £1,108,000 (2010: £120,000).

Treasury policies and objectives

The Association has a formal Treasury Management Policy which is regularly reviewed and agreed by the Association's Board. The purpose of the policy is to establish the framework within which the Association seeks to control risk arising from its borrowings and cash holdings.

In order to achieve this, the policy provides a strategy for:

- Association borrowings and subsequent debt management;
- Investment of surplus funds; and
- Relationship with bankers, lenders and advisors.

The Association has approval from the regulator to use financial derivative instruments and this is incorporated in the registered Rules of the Association. Derivatives are not used for speculative purposes or in such a way that an additional exposure to market forces is created.

Capital structure

The Association's policy is to raise debt finance through bilateral loans and bond issuance and it has funding from seven principal lenders. A £50 million facility was agreed during the year from Yorkshire Building Society, which will provide funding for new developments.

Total loan facilities at 31 March 2011 were £340 million (2010: £291 million) of which £79 million were undrawn (2010: £38 million undrawn).

Cash flows

During the year net cash of £15.0 million (2010: £16.9 million) was generated by group operating activities. £2.2 million (2010: £1.2 million) was received from the disposal of housing properties. As a developing Association there were significant cash flows from new development. Spend was £30.2 million before receipt of grant of £13.4 million (2010: £30.6 million before grant receipt of £13.7 million). Scheduled loan repayments and re-financings were £0.8 million (2010: £0.8 million). A total of £9.0 million was drawn from loan facilities (2010: £3.5 million).

Liquidity

The Association maintains a list of investment limits for authorised organisations with which it will place deposits based on short-term credit ratings. As at 31 March 2011 cash balances were £6.6 million (2010: £10.4 million) and committed facilities exceeded the Association's contracted obligations by £79 million. The excess of committed facilities over capital commitments is to ensure the proposed HCA development bid is fully funded.

As at 31 March 2011 derivative exposure positions with counterparties were circa £21.3 million. These were within secured exposure limits plus charged property security.

Loan covenants

All the interest cover covenants given by the Association allow for transfers from designated reserves to be deducted from expenditure. On this basis performance against covenants is:

	Covenant	2011	2010
Interest cover	>110%	**219%**	192%
Gearing	<85%	**69%**	69%

The Sidings, Tollgate Road, Salisbury (rear elevation).

Internal controls assurance

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls, which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed and is consistent with the principles of the Financial Reporting Council's Combined Code on Corporate Governance as incorporated in the Housing Corporation circular 07/07: Internal Controls Assurance, now withdrawn, but considered good practice.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework, includes:

- Identification and evaluation of key risks

  Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is an on-going process of management review in each area of the Association's activities. This process is summarised in an annual report considered by the Risk and Audit Committee. The Executive Management Team regularly considers significant risks facing the Association from both existing and proposed new business, and these are identified within the Operating and Financial Review published to accompany the financial statements. The Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

- Monitoring and corrective action

  A process of control self-assessment and regular management reporting on regulatory and control issues, including any raised by the external auditors, provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

- Control environment and control procedures

  The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. The Board has adopted a Code of Conduct disseminated to all employees. This sets out the Association's stance with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data protection and fraud, including its prevention, detection and reporting, and the recovery of assets.

- Information and financial reporting systems

  Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes; and also progress in achieving and retaining recognition for quality management systems.

  The internal control framework and the risk management process are subject to regular review by Internal Audit, who are responsible for providing independent assurance to the Board via the Risk and Audit Committee. The Risk and Audit Committee considers internal control at each of its meetings during the year.

The Board has received from the Chief Executive an annual report, has conducted its annual review of the effectiveness of the system of internal control, has reviewed any fraud registers (no entries in the year) and has taken account of any changes needed to maintain the effectiveness of risk management and the control process.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Association. This process has been in place throughout the year under review, up to the date of the annual report, and is reviewed by the Board.

Charitable contributions

No charitable donations (2010: £3,000) were made during the year.

Disclosure of information to auditors

The Board Members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board Member has taken all the steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Auditors

A resolution for the re-appointment of KPMG LLP as auditors of the Association is to be proposed at the forthcoming Annual General Meeting.

The report of the Board was approved on 6 September 2011 and signed on its behalf by George Blunden, Chairman.

Raglan's Staff Conference — Hannah Malone recieves award from Chief Executive Nick Harris

Statement of the Board's responsibilities in respect of the Board's report and the financial statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Industrial and Provident Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the surplus or deficit for that period.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Association will continue in business.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Industrial and Provident Societies Acts 1965 to 2003 and the Industrial and Provident Societies (Group Accounts) Regulations 1969, and the Accounting Requirements for Registered Social Landlords General Determination 2006. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Meridian TV filming at the opening of Eric Meadus Close, Swaythling

Report of the independent auditors to the members of Raglan Housing Association Limited

We have audited the financial statements of Raglan Housing Association for the year ended 31 March 2011 which comprise the Group and Association Income and Expenditure Account, the Group and Association Statement of Total Recognised Surpluses and Deficits, the Group and Association Balance Sheets, the Group Cash flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with section 128 of the Housing and Regeneration Act 2008 and section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditor

As more fully explained in the Statement of Board's Responsibilities set out on page 20, the Association's Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the Group and Association as at 31 March 2011 and of the Group and Association's surplus for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2003 and the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2003 and the Industrial and Provident Societies (Group Accounts) Regulations 1969 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Harry Mears (Senior Statutory Auditor)

For and on behalf of KPMG Audit LLP, statutory auditor

Chartered Accountants, Dukes Keep, Marsh Lane, Southampton SO14 3EX

Income and expenditure account

For the year ended 31 March 2011

	Note	**Group 2011 £'000**	Group 2010 £'000	**Association 2011 £'000**	Association 2010 £'000
Turnover	2	**54,972**	54,179	**54,972**	54,179
Operating costs	2	**(43,406)**	(40,618)	**(43,392)**	(40,618)
Cost of sales	2	**(575)**	(2,341)	**(575)**	(2,341)
Operating surplus	2	**10,991**	11,220	**11,005**	11,220
Surplus on sale of fixed assets	9b	**588**	204	**588**	204
Interest receivable and similar income	7	**33**	100	**33**	100
Interest payable and similar charges	8	**(10,335)**	(11,341)	**(10,335)**	(11,341)
Other finance costs (pensions)	26b	**(143)**	(138)	**(143)**	(138)
Surplus for the year	4,20	**1,134**	45	**1,148**	45

There is no material difference between the surplus for the year reported above and its historical cost equivalent.

All results arise from continuing operations.

Statement of total recognised surpluses and deficits

For the year ended 31 March 2011

	Note	**Group 2011 £'000**	Group 2010 £'000	**Association 2011 £'000**	Association 2010 £'000
Surplus for the financial year		**1,134**	45	**1,148**	45
Actual return less expected return on pension scheme assets	26b	**32**	788	**32**	788
Pension scheme liabilities assumption changes	26b	**798**	(1,855)	**798**	(1,855)
Experience gains and losses	26b	**(350)**	-	**(350)**	-
Total recognised surplus since last annual report		**1,614**	(1,022)	**1,628**	(1,022)

Consolidated balance sheet
at 31 March 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Tangible fixed assets					
Housing properties	9a		**625,660**		599,651
Social housing grant	9a		**(328,980)**		(317,433)
			296,680		282,218
Other fixed assets	10		**1,976**		2,814
			298,656		285,032
Current assets					
Stocks	12	**26**		27	
Properties for sale	13	**2,103**		1,797	
Debtors	14	**8,177**		5,494	
Cash at bank and in hand		**6,570**		10,429	
		16,876		17,747	
Creditors: amounts falling due within one year	15	**(22,159)**		(16,753)	
Net current (liabilities)/assets			**(5,283)**		994
Total assets less current liabilities			**293,373**		286,026
Creditors: amounts falling due after more than one year	16		**257,369**		251,102
Pension schemes liabilities	26b		**2,126**		3,090
Provisions for liabilities and charges	17		**523**		93
Capital and reserves					
Called up share capital	18		**-**		-
Designated reserves	19,20		**8,694**		13,491
Income and expenditure account	20		**24,661**		18,250
			293,373		286,026

These financial statements were approved by the Board on 6 September 2011 and were signed on its behalf by:

G Blunden Chairman

J Weguelin Board Member

A Harling Secretary

Association balance sheet
At 31 March 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Tangible fixed assets					
Housing properties	9a		**626,052**		599,651
Social housing grant	9a		**(328,980)**		(317,433)
			297,072		282,218
Other fixed assets	10		**1,976**		2,814
			299,048		285,032
Current assets					
Stocks	12	**26**		27	
Properties for sale	13	**2,103**		1,797	
Debtors	14	**8,380**		5,494	
Cash at bank and in hand		**5,917**		10,429	
		16,426		17,747	
Creditors: amounts falling due within one year	15	**(22,087)**		(16,753)	
Net current (liabilities)/assets			**(5,661)**		994
Total assets less current liabilities			**293,387**		286,026
Creditors: amounts falling due after more than one year	16		**257,369**		251,102
Pension schemes liabilities	26b		**2,126**		3,090
Provisions for liabilities and charges	17		**523**		93
Capital and reserves					
Called up share capital	18		**-**		-
Designated reserves	19,20		**8,694**		13,491
Income and expenditure account	20		**24,675**		18,250
			293,387		286,026

These financial statements were approved by the Board on 6 September 2011 and were signed on its behalf by:

G Blunden Chairman

J Weguelin Board Member

A Harling Secretary

Consolidated cash flow statement
for the year ended 31 March 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Net cash inflow from operating activities	I		**15,029**		16,908
Returns on investments and servicing of finance					
Interest received		**33**		100	
Interest paid on loans		**(10,900)**		(11,456)	
Loan issue costs		**(291)**		(73)	
Net cash outflow from returns on investments and servicing of finance			**(11,158)**		(11,429)
Capital expenditure					
Acquisition and construction of housing properties		**(30,177)**		(30,581)	
Purchase of other fixed assets		**(622)**		(687)	
Social housing grant and other grants received		**13,400**		13,696	
Receipts from sale of housing properties:					
Shared ownership subsequent tranche		**478**		423	
Other		**1,693**		761	
Net cash outflow from capital expenditure			**(15,228)**		(16,388)
Net cash outflow before financing			**(11,357)**		(10,909)
Financing					
Proceeds from housing loans		**9,000**		3,500	
Housing loan repayments		**(761)**		(762)	
Net cash inflow from financing			**8,239**		2,738
(Decrease) in cash and cash equivalents	II,III		**(3,118)**		(8,171)

Notes to the consolidated cash flow statement
I Reconciliation of operating surplus to net cash inflow from operating activities

	2011 £'000	2010 £'000
Operating surplus	**10,991**	11,220
Depreciation and impairment	**3,048**	2,739
Movement in properties held for sale	**550**	2,205
Deficit on disposal of other fixed assets	**7**	3
Transfer of Social Housing Grant	**-**	(14)
Decrease / (increase) in stocks	**1**	(4)
(Increase) / decrease in debtors	**(4,191)**	(405)
Increase / (decrease) in creditors	**4,822**	1,173
Increase in provisions	**430**	-
Difference between pensions charge and contributions paid	**(629)**	(9)
Net cash inflow from operating activities	**15,029**	16,908

II Analysis of net debt

	At 1 April 2010 £'000	Cash flows £'000	Other Changes £'000	At 31 March 2011 £'000
Cash at bank and in hand	10,429	(3,859)	-	6,570
Bank overdraft	(741)	741	-	-
	9,688	(3,118)	-	6,570
Debt due within 1 year	(804)	761	(2,578)	(2,621)
Debt due after 1 year	(251,955)	(9,000)	2,603	(258,352)
	(243,071)	(11,357)	25	(254,403)

Debt due after one year of £258,352,000 (2010: £251,955,000) includes loan issue costs added back of £1,655,000 (2010: £1,420,000) and amortised in accordance with FRS 4.

III Reconciliation of net cash flow to movement in net debt

	£'000
Decrease in cash in the period	(3,118)
Cash inflow from increase in debt	(9,000)
Loans repaid	761
Non cash movements	25
Movement in net debt in the period	(11,332)
Net debt at the beginning of the period	(243,071)
Net debt at 31 March 2011	**(254,403)**

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and in accordance with the Industrial and Provident Societies Acts 1965 to 2003, the Accounting Requirements for Registered Social Landlords General Determination 2006, the Statement of Recommended Practice Accounting by Registered Social Landlords 2008 and under the historical cost accounting rules. The financial statements have been prepared on a going concern basis, which assumes that the Association and Group will continue trading. The directors have prepared forecasts based on current expectations of future market conditions and consider the Association and Group able to continue to trade and settle all liabilities as they fall due for at least twelve months from the date of signing these financial statements.

Consolidation

The consolidated financial statements include the Association and its subsidiaries. The results of subsidiaries are included in the consolidated income and expenditure account from the date of their formation or acquisition. Intra-group surpluses and deficits are eliminated on consolidation. Unless otherwise stated, the information given in notes to the financial statements for the Group also applies to the Association.

Turnover

Turnover represents rental and service charge income receivable and other income.

Social Housing Grant

Where developments have been financed wholly or partly by Social Housing Grant, the cost of those developments has been reduced by the amount of grant receivable.

A proportion determined by Homes and Communities Agency conditions is attributed to the revenue management costs of acquisition and is included in turnover. The remainder is shown as a deduction from the cost of housing properties.

SHG is repayable under certain circumstances, primarily following the sale of a property, but will normally be restricted to net proceeds of sale. SHG received in excess of property cost, to the extent that it does not represent part of the overall funding of the Association's development programme, is shown as a current liability. SHG is accounted for on a receivable basis.

Recycled Capital Grant Fund and Disposals Proceeds Fund

Following certain relevant events Social Housing Grant (SHG) is credited to the Recycled Capital Grant Fund where it can remain for three years. At the end of the three years it becomes repayable. Following sales under the Right to Acquire, surpluses generated by the Right to Acquire are credited to the Disposals Proceeds Fund. At the end of the three years they become repayable. These funds are included as creditors due within one year or due after more than one year as appropriate to the circumstances.

Housing Properties

Housing properties are stated at cost. This includes the purchase price of land and construction costs, together with incidental costs of acquisition and improvements, including management costs incurred in the course of producing each property and interest payable. Interest payable is capitalised during the construction of the property up to the date of practical completion, by reference to the Association's average cost of borrowing. Housing properties in the course of construction are stated at cost.

Expenditure on improvements to properties which gives access to future economic benefits to the Association is capitalised and depreciated over the remaining expected life of the properties.

Where land is acquired from a public body for the provision of social housing at nil cost or below market value the land is shown in the balance sheet at vacant possession open market value. The difference between this value and amount paid is included in Social Housing Grant.

Where properties are sold under shared ownership leases, first tranche sale proceeds are deducted from the carrying value of the properties.

First Tranche Shared Ownership sales

The Association has adopted the accounting treatment of the Statement of Recommended Practice 2008 such that:

- Shared Ownership properties are split proportionally between current and fixed assets based on the first tranche proportion;
- First tranche proportions are accounted for as current assets and the related sales proceeds shown in turnover and the related costs in operating costs;
- The remaining element of the Shared Ownership properties is accounted for as a fixed asset so that any subsequent sale is treated as a part disposal of a fixed asset; and
- Any surplus on the first tranche shared ownership sales on mixed tenure developments (sale and rent) is restricted to the overall scheme development net present value of future cashflows.

Property for sale

Unsold shared ownership first tranche properties and shared ownership properties under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour, and direct development overheads. Net realisable value is based upon estimated sales price, after allowing for all further costs of completion and sales costs, and the net present value of the estimated future cashflows of the development, both shared ownership and rented stock where applicable.

Under Right to Buy and Right to Acquire arrangements, the Association sells properties to qualifying tenants. Surpluses and deficits arising are included in the surplus on sale of fixed assets in the income and expenditure account.

Depreciation and impairment

Housing properties

Freehold land is not depreciated. Depreciation is charged so as to write down the net cost (cost less SHG) of housing properties to their estimated residual value on a straight line basis over their remaining expected useful economic lives. The expected useful lives of the housing stock as assessed by external valuers are as follows:

New Build Houses	100 – 125 years from date of construction
New Build Flats	80 – 90 years from date of construction
Re-habilitated properties	70 years from date of acquisition
Listed Properties	125 years from date of acquisition

Grant received is apportioned between the land and building elements in arriving at the depreciable amount.

Leasehold properties are depreciated over the life of the lease on a straight line basis.

Impairment reviews are carried out for all properties on an annual basis in accordance with FRS 11.

Other Fixed Assets

Depreciation is calculated to write off the cost of fixed assets over the expected useful lives of the assets concerned at the following annual rates:

Computers	– 20% (straight line)
Furniture, fixtures and fittings – at established schemes	– 12% (straight line)
Furniture and equipment – at leasehold offices	– 20% (straight line)
Improvements to leasehold offices	– Over term of lease
Motor vehicles	– 25% (reducing balance)

Freehold Office Property – 1% (straight line)

Temporary structures – Over anticipated life of structure

Freehold land is not depreciated

Loan Finance Issue Costs

These are written off evenly over the life of the related loan. Loans are stated in the Balance Sheet at the amount of the net proceeds after issue plus amortised issue costs.

Derivatives

Interest differentials on derivatives are recognised by adjusting net interest payable in the period to which they relate.

Designated reserves

A reserve has been established to fund major repairs. Annual transfers are made to the reserve to enable it to cover all such works anticipated as a result of assessment of the condition of the Association's housing stock.

Leasehold sinking funds

Unexpended amounts collected for major repairs on leasehold schemes are included in creditors. The funds are held in implied trust bank accounts.

Share capital

Shareholders are approved by the Board and may hold only one share. The shares have limited rights. They carry no entitlement to dividend, they are not repayable and do not participate in a winding up. They carry the following voting rights: to approve the financial statements and to appoint Members of the Board and the auditors.

Apportionment of management expenses

Direct employee, administration and operating costs have been apportioned to the relevant sections of the income and expenditure account on the basis of costs of the staff directly engaged on the operations dealt with in these financial statements.

Pensions

The Association operates two pension schemes providing benefits based on final pensionable pay: the Social Housing Pension Scheme (SHPS) and the Dorset County Pension Fund (DCPF). The assets of the schemes are held separately from those of the Association.

The Association is unable to identify its share of the underlying assets and liabilities of the SHPS on a consistent and reasonable basis and therefore accounts for this scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the period.

The difference between the Association's share of the assets of DCPF and its liabilities measured on an actuarial basis using the projected unit cost method are recognised in the Association's balance sheet as a pension scheme liability.

Changes to the defined benefit pension scheme liability arising from factors other than cash contribution by the Association are charged to the income and expenditure account or the statement of total recognised surpluses and deficits in accordance with FRS 17.

Operating leases

Operating lease charges are charged to the income and expenditure account on a straight line basis over the life of the lease.

2 Group particulars of turnover, cost of sales, operating costs & operating surplus

	2011 Turnover	2011 Cost of Sales	2011 Operating costs	2011 Operating surplus	2010 Operating surplus
	£'000	£'000	£'000	£'000	£'000
Social housing activities					
Income & expenditure from social lettings	52,655	-	(39,614)	13,041	13,147
	52,655	-	(39,614)	13,041	13,147
Other activities					
Shared ownership first tranche sales	734	(573)	-	161	114
Income & expenditure from non-social lettings	1,217	-	(1,306)	(89)	(74)
Grants & donations	-	-	(46)	(46)	(53)
Development administration costs	245	-	(1,893)	(1,648)	(2,004)
Re-sales: leasehold schemes for the elderly	69	(2)	-	67	42
Ground rents – leasehold	52	-	-	52	48
Office Relocation Costs	-	-	(547)	(547)	-
Total	54,972	(575)	(43,406)	10,991	11,220

In the Association financial statements the development administration costs were £14,000 less than the Group's (2010: the same as the Group's), resulting in a total operating surplus of £11,005,000 (2010: £11,220,000).

3 Group and Company social housing lettings turnover, operating costs and operating surplus

	General needs housing £'000	Temporary social housing £'000	Supported housing £'000	Shared ownership £'000	2011 Total £'000	2010 Total £'000
Rent receivable net of identifiable service charges	43,694	233	950	765	**45,642**	43,095
Service charges receivable	4,718	30	785	250	**5,783**	5,689
Supported housing fees	1,034	-	731	-	**1,765**	1,950
Gross rental income	49,446	263	2,466	1,015	**53,190**	50,734
Voids	(765)	(7)	(107)	(2)	**(881)**	(841)
Net rental income	48,681	256	2,359	1,013	**52,309**	49,893
Other revenue grants	35	-	71	-	**106**	25
Other income	112	-	111	17	**240**	244
Turnover from social housing lettings	48,828	256	2,541	1,030	**52,655**	50,162
Management	(5,747)	(41)	(326)	(83)	**(6,197)**	(5,868)
Services	(5,047)	(35)	(910)	(167)	**(6,159)**	(6,088)
Care and support costs	(1,110)	-	(731)	-	**(1,841)**	(1,977)
Routine maintenance	(9,191)	(90)	(166)	-	**(9,447)**	(9,022)
Planned maintenance	(3,505)	(2)	(36)	-	**(3,543)**	(2,927)
Major repairs expenditure	(9,193)	(18)	(91)	-	**(9,302)**	(8,217)
Bad debt provision	(352)	(1)	(12)	(1)	**(366)**	(386)
Property lease charges	-	(116)	-	-	**(116)**	(144)
Depreciation of housing properties	(2,217)	-	(38)	(124)	**(2,379)**	(2,254)
Impairment of housing properties	-	-	(104)	-	**(104)**	-
Other costs	(146)	(1)	(7)	(6)	**(160)**	(132)
Operating costs on social housing lettings	(36,508)	(304)	(2,421)	(381)	**(39,614)**	(37,015)
Operating surplus/(deficit) on social housing lettings	12,320	(48)	120	649	**13,041**	13,147

4 Surplus for the year

	2011	2010
The surplus for the year is stated after charging / (crediting):	**£'000**	£'000
Depreciation of tangible fixed assets:		
- Housing properties	**2,381**	2,254
- Other	**562**	485
- Impairment of development land and completed properties	**103**	-
Operating lease charges:		
- Land and buildings	**315**	355
- Other	**263**	246
Office relocation costs		
- Impairment of office building	**41**	-
- Staff relocation	**506**	-
Exceptional credit arising from change in pension assumption RPI to CPI	**(663)**	-
Auditors' remuneration – audit of these financial statements	**44**	42

5 Directors' emoluments

The remuneration paid to the eight permanent staff members of the Executive Management Team who served during the year (comprising the Chief Executive, Executive Management Team Members and Heads of Service) was £827,798 including pension contributions (2010: £629,954). This included severance payments of £108,382 and payments in lieu of notice of £78,714 to executive management team members who left the Association (2010: £42,427). Two executive management team posts were filled by interim appointments for part of the year, incurring fees of £183,770.

The eight permanent staff members of the executive Management Team who served during the year all accrued pension benefits.

	2011	2010
The remuneration paid to the Chief Executive was:	**£'000**	£'000
Emoluments (excluding pension contributions)	**140**	23
Benefits in kind	**6**	-
	146	23

Note: The Chief Executive's emoluments in 2009/10 are for the period 1 February 2010 to 31 March 2010.

The Chief Executive participates in the Social Housing Pension Scheme (see note 26a) on the same terms as all other eligible staff.

The total remuneration and expenses paid to non-executive Board & Committee Members was:

	2011 Emoluments £	2011 Expenses £	2010 Emoluments £	2010 Expenses £
Mr I Andrews	10,208	-	-	-
Mr P Burton	-	192	4,400	1,248
Mr G Blunden	10,525	964	2,065	606
Mr M Brown	4,560	770	440	252
Mr P Callow	3,342	956	5,500	1,987
Mrs S Collins	5,500	254	-	-
Mr G Cross	-	-	7,875	1,312
Ms J Crowe	2,446	733	-	-
Mr D Field	4,750	1,478	2,450	2,356
Mr K Goldsworthy	1,915	67	-	-
Mr P Hammond	1,641	481	-	-
Mr C Hutchinson	-	-	1,093	225
Mr N Marshall	4,550	859	4,450	1,094
Mr C Mitchell	1,594	169	5,500	806
Mr P Robathan	6,092	1,177	1,839	512
Mrs S Terry	5,500	379	4,089	823
Mr J Weguelin	5,542	1,417	-	-
Prof R Tomlins	2,644	5,079	2,450	5,847
Mrs J Weston	3,700	188	3,700	194
	74,509	15,163	45,851	17,262

The payment to Mr I Andrews included £3,500 in relation to 2009/10 and £6,708 in relation to earlier years.

6 Employee information

The average number of employees, expressed in full-time equivalents employed by the Association and Group during the year, was as follows:

	2011 Number	2010 Number
Average number of employees expressed in full time equivalents	358	345

	2011 £'000	2010 £'000
Wages and salaries	9,100	8,801
Social security	779	743
SHPS current service cost	768	611
DCPS current service cost	67	61
DCPS past service (gain)/cost	(630)	-
	10,084	10,216

7 Other interest receivable and similar income

	2011 £'000	2010 £'000
Bank interest receivable	33	100
	33	100

8 Interest payable and similar charges

	2011 £'000	2010 £'000
On housing loans repayable in more than five years	10,789	11,755
Less interest capitalised	(454)	(414)
	10,335	11,341

9a Consolidated Tangible Fixed assets - Housing properties

	Completed Housing Properties Held for Letting £'000	Housing Properties under Construction £'000	Completed Shared Ownership Housing Properties £'000	Shared Ownership Housing Properties under Construction £'000	Total £'000
Cost					
At beginning of year	560,504	30,897	23,580	2,737	617,718
Additions during year	2,163	27,964	272	968	31,367
Disposals during year	(1,264)	-	(934)	-	(2,198)
Transferred on completion	49,344	(49,344)	902	(902)	-
Reclassified as current asset	(767)	-	-	-	(767)
At end of year	609,980	9,517	23,820	2,803	646,120
Depreciation/Impairment					
At beginning of year	15,936	662	486	983	18,067
Charge for year	2,257	-	124	-	2,381
On disposals	(52)	-	(8)	-	(60)
Reclassified as current asset	(32)	-	-	-	(32)
Impairment	40	64	-	-	104
At end of year	18,149	726	602	983	20,460
Net book value before grant					
At end of year	591,831	8,791	23,218	1,820	625,660
At beginning of year	544,568	30,235	23,094	1,754	599,651
Social Housing Grant					
At beginning of year	298,790	13,521	4,887	235	317,433
Additions during year	43	12,351	160	210	12,764
Disposals during year	(532)	-	(78)	-	(610)
Transferred on completion	24,268	(24,268)	-	-	-
Reclassified as current asset	(607)	-	-	-	(607)
At end of year	321,962	1,604	4,969	445	328,980
Net book value					
At end of year	**269,869**	**7,187**	**18,249**	**1,375**	**296,680**
Net book value					
At beginning of year	245,778	16,714	18,207	1,519	282,218

In the Association financial statements at 31 March 2011 the cost of housing properties is increased by the administration fee paid to Raglan Design and Build of £470,935 (2010: £ nil) less the recharge from Raglan of £78,073 (2010: £ nil) under the cost sharing agreement. The net book value as at the end of year is £297,072,000.

	2011 £'000	2010 £'000
Housing Properties comprise:		
Freeholds	**280,700**	266,091
Long leaseholds	**15,355**	15,596
Short leaseholds	**625**	531
	296,680	282,218

Interest capitalised during the year totalled £454,133 (2010: £413,516)

Interest is capitalised at a rate equal to the Association's weighted cost of Funds.

9b Surplus on sale of housing properties

The surplus on disposal of other properties by the Group and the Association arose as follows:

	2011 £'000	2010 £'000
Sale proceeds	**2,836**	1,226
Cost of sales	**(2,109)**	(980)
Expenses	**(139)**	(42)
Surplus on disposal	**588**	204

10 Other tangible fixed assets

	Freehold Office Properties £'000	Office fixtures Furniture and fittings £'000	Computers £'000	Scheme fixtures and fittings £'000	Total £'000
Cost					
As at 1 April 2010	1,658	2,172	3,337	146	7,313
Reclassified as current asset	(953)	-	-	-	(953)
Additions	-	5	616	-	621
Disposals	-	-	(110)	-	(110)
As at 31 March 2011	705	2,177	3,843	146	6,871
Depreciation					
As at 1 April 2010	162	1,739	2,452	146	4,499
Reclassified as current asset	(63)	-	-	-	(63)
Charge for year	9	230	323	-	562
Eliminated on disposals	-	-	(103)	-	(103)
As at 31 March 2011	108	1,969	2,672	146	4,895
Net book value:					
As at 31 March 2011	**597**	**208**	**1,171**	**-**	**1,976**
As at 31 March 2010	1,496	433	885	-	2,814

11 Fixed assets investments

The companies in which the Association's interests at the year end are more than 20% is as follows:

	Country of Incorporation	Principal activity	Class and percentage of shares held
Raglan Homes Limited	United Kingdom	Dormant	100% Ordinary Shares
Raglan Design & Build Ltd	United Kingdom	Building Services	100% Ordinary Shares

12 Stocks and work in progress

	2011 £'000	2010 £'000
Consumables	**26**	27

13 Properties held for sale

		2011 £'000	2010 £'000
Properties held for sale		**978**	509
Shared Ownership properties	– under construction	**-**	128
	– completed	**1,125**	1,160
		2,103	1,797

14 Debtors

	Group 2011 £'000	Group 2010 £'000	**Company 2011 £'000**	Company 2010 £'000
Arrears of rent	**2,872**	2,521	**2,872**	2,521
Less: Provision for doubtful debts	**(376)**	(295)	**(376)**	(295)
	2,496	2,226	**2,496**	2,226
Service charges to be recovered	**782**	546	**782**	546
Arrears of leaseholders' service charges	**70**	97	**70**	97
Social housing grant receivable	**-**	1,520	**-**	1,520
Interest receivable	**2**	4	**2**	4
Other debtors	**4,415**	795	**754**	795
Less: Provision for doubtful debts (other)	**(178)**	(182)	**(178)**	(182)
Prepayments	**590**	488	**590**	488
Intercompany debtor	**-**	-	**3,864**	-
	8,177	5,494	**8,380**	5,494

Other debtors of the group includes a VAT claim for £3,597,066, which was paid in April 2011.

15 Creditors - Amounts falling due within one year

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Bank overdraft	-	741	-	741
Loans repayable within one year:				
Loans – capital (note 16)	**2,621**	804	**2,621**	804
Accrued interest	**766**	933	**766**	933
Recycled Capital Grant and Disposal Proceeds Funds	**284**	610	**284**	610
Contractors - for certified work	**1,377**	1,602	**1,377**	1,602
Other creditors including taxation and social security:				
Other taxes and social security	**3,920**	310	**3,920**	310
Leasehold sinking funds	**2,878**	2,683	**2,878**	2,683
Other creditors	**4,667**	3,321	**4,595**	3,321
Accruals	**5,646**	5,749	**5,646**	5,749
	22,159	16,753	**22,087**	16,753

16 Creditors – Amounts due after more than one year

	2011 £'000	2010 £'000
Loans	**259,318**	251,339
Recycled Capital Grant Fund	**725**	733
Disposal Proceeds Fund	**231**	444
	260,274	252,516
Included in current liabilities (Loans)	**(2,621)**	(804)
Included in current liabilities (Recycled Capital Grant and Disposals Proceeds Funds)	**(284)**	(610)
	257,369	251,102

Loans are repayable as follows:	2011 £'000	2010 £'000
Loans repayable by instalments:		
Due within one year	**2,621**	804
Between one and two years	**2,829**	2,621
Between two and five years	**10,319**	8,955
After five years	**216,870**	212,045
	232,639	224,425
Loans not repayable by instalments:		
After five years	**28,334**	28,334
	260,973	252,759
Less : Loan Issue Costs	**(1,655)**	(1,420)
	259,318	251,339

Interest is payable on housing loans at varying commercial rates. Loans are secured by fixed charges on individual properties.

Recycled capital grant fund and disposal proceeds fund

	2011 £'000	2010 £'000
Recycled Capital Grant Fund (RCGF)		
Balance brought forward at beginning of year	**733**	553
Additions to the fund	**417**	194
Transferred out for permitted uses	**(425)**	(14)
	725	733
Transferred to creditors less than 1 year	**(196)**	(343)
Balance carried forward at end of year	**529**	390
Disposal Proceeds Fund (DPF)		
Balance brought forward at beginning of year	**444**	357
Additions to the fund	**54**	87
Transferred out for permitted uses	**(267)**	-
	231	444
Transferred to creditors less than 1 year	**(88)**	(267)
Balance carried forward at end of year	**143**	177

17 Provisions for liabilities and charges

	2011 £'000	2010 £'000
Balance brought forward at beginning of year	**93**	93
Charge for year	**430**	-
Expenditure in year	**-**	-
Balance carried forward at end of year	**523**	93

The provisions relate to costs arising on office relocation and the termination of Temporary Social Housing leases.

18 Share Capital

	2011 £	2010 £
Ordinary shares of £1 each fully paid and issued at beginning of year	**39**	45
Shares issued during year	**7**	2
Shares cancelled during year	**(10)**	(8)
	36	39

19 Designated reserves

	2011 £'000	2010 £'000
Social Lettings Major Repairs		
Balance brought forward at beginning of year	**13,491**	17,707
Provision for year	**4,136**	3,985
Expenditure in year	**(8,933)**	(8,201)
Balance carried forward at end of year	**8,694**	13,491

20 Reserves

	Note	Group Designated Reserves £'000	Group Income and expenditure account £'000	Company Designated Reserves £'000	Company Income and expenditure account £'000
At 1 April 2010		13,491	18,250	13,491	18,250
Surplus for the year		-	1,134	-	1,148
Experience gains and losses	26b	-	(350)	-	(350)
Actual return less expected return on pension scheme assets	26b	-	32	-	32
Pension scheme liabilities assumption changes	26b	-	798	-	798
Net transfers from designated reserves		(4,797)	4,797	(4,797)	4,797
At end of year		8,694	24,661	8,694	24,675

21 Capital commitments

	2011 £'000	2010 £'000
Expenditure contracted less amounts certified	**281**	15,301

22 Lease commitments

At 31 March 2011 the Group and Association had annual commitments under non-cancellable operating leases as follows:

	2011 £'000	2010 £'000
Motor vehicle operating leases which expire:		
Within one year	**44**	41
Between two and five years	**185**	182
	229	223

	2011 £'000	2010 £'000
Land and buildings and office rental leases which expire:		
Within one year	**-**	34
Between two and five years	**115**	115
Over five years	**61**	61
	176	210

23 Housing stock

The number of units of housing accommodation under development and in management at 31 March were:

	Units under Development		Units in Management	
	2011 Number	2010 Number	2011 Number	2010 Number
Housing accommodation for letting	**51**	517	**9,994**	9,724
Temporary social housing	**-**	-	**57**	60
Leasehold schemes for the elderly	**-**	-	**834**	834
Leasehold right to buy	**-**	-	**47**	40
Shared ownership	**3**	54	**419**	415
Managed for others	**-**	-	**2**	2
Supported housing (bed spaces)	**-**	3	**302**	309
Keyworker rented	**-**	-	**33**	33
Intermediate/sub market rent	**-**	-	**15**	15
	54	574	**11,703**	11,432

24 Accommodation managed by Agents

The Association owns property managed by other bodies, as follows:

Name of Body	31 March 2011 Units	31 March 2010 Units
Richmond Fellowship	6	6
Scope	5	5
Mencap	8	8
Milbury Care Services	9	8
National Autistic Society	10	10
Bedfordshire County Council	17	17
Hampshire County Council	6	6
Turning Point	6	6
Leonard Cheshire	5	5
Papworth Trust	6	6
Together	3	3
Southampton Primary Care Trust	30	30
Chapter 1	4	-
Connections	8	-

25 Association status

The Association is registered under the Housing Act 1976 with the number L1556 and is wholly engaged in housing activities as defined in the Act. The Association is registered under number 20558R under the Industrial and Provident Societies Act 1965. The Association is registered with charitable rules under the Industrial and Provident Societies Act and as such is exempt from Corporation Tax.

26(a) Social Housing Pension Scheme

The Association participates in the Social Housing Pension Scheme (SHPS), a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. It is not possible to analyse the ongoing funding deficit by individual employer due to the nature of the SHPS Scheme. SHPS is a multi-employer scheme where:

- The assets of the entire SHPS are pooled for investment purposes.
- Benefits are paid from the total scheme assets, and
- The contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience.

As a result of this, it is not possible to breakdown scheme assets by participating employer and accordingly it is not possible to analyse the on-going funding deficit by individual employer.

Accordingly due to the nature of the Plan, the accounting charge for the period under FRS 17 represents the employer contribution payable. The employer contributions over the period were £768,022 (2010: £611,000).

The last formal valuation of the scheme was performed as at 30 September 2008 by a professionally qualified actuary using the projected unit credit method. The market value of the scheme's assets at the latest valuation date was £1,527 million. The valuation revealed a shortfall of assets compared to liabilities of £663 million, equivalent to a past service funding level of 70%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,985 million and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80.0%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	% pa
Valuation Discount Rates:	
Pre retirement	7.8
Non Pensioner Post retirement	6.2
Pensioner Post retirement	5.6
Pensionable earnings growth	4.7
Price Inflation	3.2
Pension increases:	
Pre 88 GMP	0.0
Post 88 GMP	2.8
Excess over GMP	3.0

With effect from 1 April 2011 the employer contribution rates for 2011-2012 will be 7% (final salary with 1/70th accrual rate) or 8.3% (final salary with 1/60th accrual rate), the employee contribution rates range from 6.8% to 9.9%.

Following consideration of the results of the actuarial valuation in 2008, it was agreed that the shortfall of £663 million would be recovered by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in line with salary growth assumptions, from 1 April 2010 to 30 September 2020, dropping to 3.1% from October 2020 to 30 September 2023. For Raglan this deficit contribution equated to an annual payment of £380,592.

With effect from 1 April 2011, Raglan has to pay a surcharge calculated at 1.5% of the pensionable earnings of existing defined benefit members. This is due to Raglan closing the Social Housing defined benefit scheme to new staff.

Employers joining the scheme after 1 October 2002, that do not transfer any past service liabilities to the scheme, pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

Raglan offers the Growth Plan as an AVC investment option for Members of the Social Housing Pension Scheme. The Members pay contributions at a rate of their choice. Raglan does not pay any contributions to the Growth Plan.

The rules of the Growth Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

The Trustee commissions an actuarial valuation of the Growth Plan every 3 years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Growth Plan state that the proportion of obligatory contributions to be borne by the Member and the Member's Employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.

26(b) Dorset County Pension Fund

The Association also participates in the Local Government Scheme run by Dorset County Council as an "Admitted Body". The Scheme is a defined benefits scheme. The latest actuarial valuation was completed as at 31 March 2010 and the figures are based on the actuarial demographic assumptions from that valuation. The contributions paid to the scheme in the accounting period were £66,000 in respect of ordinary contributions.

Assumptions

The major assumptions used by the actuary were as follow:

	31 March 2011	31 March 2010	31 March 2009
Price increases	3.5%	3.9%	3.0%
Salary increases	4.8%	5.4%	4.5%
Pension increases	2.7%	3.9%	3.0%
Discount rate	5.5%	5.5%	6.7%

The discount rate is the yield on the iBoxx AA over 15 year Corporate Bond index as at 31 March 2011.

Mortality Assumption

The table below illustrates the assumed life expectancy in years for pension scheme members from age 65.

Life Expectancy from age 65 (years)

Retiring today	Males	19.8
	Females	23.9
Retiring in 20 years	Males	21.9
	Females	25.8

It is assumed that members will exchange half of their commutable pension for cash at retirement and active members will retire one year later than they are first able to do so without reduction.

Assets and Liabilities

The assets in the Fund and the expected rate of return were:

		Expected Return At	
	1 April 2011	1 April 2010	1 April 2009
Equities	7.4%	7.5%	7.0%
Gilts	4.4%	4.5%	4.0%
Other Bonds	5.5%	5.5%	6.5%
Property	5.4%	5.5%	6.6%
Cash	3.0%	3.0%	3.0%
Other	5.0%	5.0%	n/a

		Asset Allocation	
	1 April 2011	1 April 2010	1 April 2009
Equities	59%	61%	57%
Gilts	22%	16%	20%
Other Bonds	0%	5%	7%
Property	7%	7%	8%
Cash	6%	6%	8%
Other	6%	5%	0%

Analysis of amount charged to operating surplus

	2011 £'000	2010 £'000
Current service cost	67	61
Past service credit	(663)	-
Settlements/Curtailments	33	-
Total operating (credit)/charge	(563)	61

The past service credit reflects the change of basis of future pension increases from RPI to CPI.

Analysis of amount charged to other finance costs

	2011 £'000	2010 £'000
Expected return on pension scheme assets	244	183
Interest on pension scheme liabilities	(389)	(321)
Net charge	(145)	(138)

Analysis of amount recognised in statement of total recognised surplus and deficits

	2011 £'000	2010 £'000
Actual return less expected return on pension scheme assets	32	788
Changes in assumption underlying the present value of liabilities	798	(1,855)
Experience gains and losses	(350)	-
Actuarial gain/(loss)	480	(1,067)

Movement in scheme

	2011 £'000	2010 £'000
Deficit in scheme at beginning of the year	(3,090)	(1,894)
Movement in year:		
Current Service Costs	(67)	(61)
Contributions	66	70
Past Service credit	663	-
Other finance costs	(145)	(138)
Actuarial gain/(loss)	480	(1,067)
Settlements/Curtailments	(33)	-
Deficit in scheme at end of year	(2,126)	(3,090)

Net Pension Liability as at	31 March 2011 £'000	31 March 2010 £'000
Present Value of Funded Obligation	6,325	6,789
Fair Value of Scheme Assets (bid value)	(4,199)	(3,699)
Net Liability	2,126	3,090
Present Value of Unfunded Obligation	-	-
Unrecognised Past Service Cost	-	-
Net Liability in Balance Sheet	2,126	3,090

Asset and Benefit Obligation Reconciliation	Year to 31 March 2011 £'000	Year to 31 March 2010 £'000
Opening Defined Benefit Obligation	6,789	4,961
Service cost	67	61
Interest cost	389	321
Actuarial losses/(gains)	(420)	1,855
Losses on curtailments	33	-
Estimated benefits paid (net of transfers in)	111	(435)
Past service credit	(663)	-
Contributions by Scheme participants	19	26
Closing Defined Benefit Obligation	6,325	6,789

Reconciliation of opening and closing balances of the fair value of scheme assets	Year to 31 March 2011 £'000	Year to 31 March 2010 £'000
Opening fair value of Scheme assets	3,699	3,067
Expected return on Scheme assets	244	183
Actuarial gains (losses)	60	788
Contributions by employer	66	70
Contribution by scheme participants	19	26
Estimated benefits paid (net of transfers in)	111	(435)
Fair value of Scheme assets at end of period	4,199	3,699

Projected Pension Expense for the Year to 31 March 2012

	Year to 31 March 2012 £'000
Service cost	53
Interest cost	353
Return on assets	(266)
Total	140
Employer Contributions	**96**

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised surpluses and deficits since 2002 is a loss of £2,232,000 (2010: £2,710,000).

27 Related parties

The Quay Foyer Charitable Trust was established to receive and disburse donations and grants received, towards the Quay Foyer Project. Of the five trustees, two are officers of the Association. All transactions are on an arm's length basis. During the year ended 31 March 2011, transactions to the value of £58,270 were made between the two parties. At 31 March 2011 Raglan had a debtor of £23,354 in respect of the Quay Foyer Charitable Trust. No debts were written off in 2010/11.

The Board has tenant members who hold tenancy agreements on normal terms and cannot use their position to their advantage.

Tenant Members:

M Brown

J Weston

K Goldsworthy

There were no other transactions during the year that would have required disclosure under FRS 8 'Related Party Disclosures'.

Regional Offices

Midlands & East
Regional Director: **Susan Cooper**

With an office in Leicester

South West
Regional Director: **David Hall**

With offices in Bournemouth and Bristol

South East
Regional Director: **Karen Stephens**

With offices in Horley, Reading and Southampton

Registered office and correspondence address:

Suite C, Lancaster House
Grange Business Park
Enderby Road
Whetstone
Leicester
LE8 6EP
Email: hsc@raglan.org

www.raglan.org
Registered as an Industrial and Provident Society with charitable status No. 20558R

Raglan

Raglan Housing Association Limited

Board Report and Consolidated Financial Statements

Registered number 20558R

31 March 2012

Contents

Board and Officers

Mr M Brown
Mr G Blunden - Chair
Mrs S Collins
Ms J Crowe
Mr D Field
Mr K Goldsworthy
Mr P Hammond
Mr N Harris
Mr N Marshall
Mr P Robathan
Mrs S Terry
Mr J Weguelin
Mrs J Weston

Executive Management Team

Mr N Harris (Chief Executive)
Mr S Baxendale
Mr J P Bruton
Mr A P Hall (until 8.4.11)
Mr M Ward
Ms A Hill (until 8.6.11)
Mr S Booth (until 31.7.11)
Mr R Stevenson (from 9.4.11)

Chairman's report

Raglan has had a successful and hardworking year as we have prepared ourselves for the challenge of addressing the issues that lie ahead in the world of social housing.

It may be a challenge but is also an exciting time to be in housing. With a coalition Government, changes to the Welfare Reform Act and the economic recession – it all makes for an uncertain operating environment. However change can be stimulating, as it allows us to rethink how we can do things better.

As Chair at Raglan Housing, I am always struck by the diversity of services that we provide. In times of change and uncertainty, it's this diversity that provides scope to evolve, innovate and improve.

We intend to respond strongly to this changed environment.

Building more homes

In many of our areas, increasingly high house prices mean strong demand for many of our homes leading to an excess of demand over supply.

To meet this need we intend, over the next five years, to increase our property portfolio from 12,300 to more than 15,000 homes with developments in all our regions in the south east, south west, midlands and east of England. Alongside this we will provide excellent services to local communities using our locally based staff.

Stock rationalisation is a key part of our strategy. By focusing our efforts on sustainable areas of our operations, people will benefit from more reliable, efficient services and savings that can be reinvested to provide new homes and renovate old homes.

Strong foundations

We are confident that Raglan has a strong financial foundation on which to build upon. We have an annual turnover of £56 million and have robust and well-managed finances that will allow us to raise additional competitive finance on the capital markets to deliver our strategy.

The Homes and Communities Agency has registered a new subsidiary of Raglan Housing Association called Raglan Homes Limited with the intention of raising finance to build new homes.

So with a strong balance sheet and access to funding, this provides us with the ability to create much needed new homes. Raglan's strategy remains one of investment and growth. By investing in quality homes we are able to provide local homes for local people.

The future

Raglan is changing and delivering better services than before. The forecast for Raglan is bright – our period of rationalisation and consolidation provides the best possible foundation for growth that ultimately allows us to deliver high quality housing for our residents and future residents.

George Blunden
Chair of the Board, Raglan Housing

Chief Executive's report

Challenging market conditions

Housing associations house some of the most disadvantaged members of the community. Many of our residents are long-term unemployed and have a range of social, health and care needs that require a new approach to housing management with additional support skills. The proposed changes to welfare benefits will impact upon many of our residents and we need to ensure that we provide assistance and support during the implementation of these actions. We will continue to work with other partner agencies to find ways of creating more balanced and sustainable communities.

Improving performance

We have a good record of achieving our objectives. A recent audit report confirmed that we are improving in a number of key areas:

- **Customer feedback** is showing significant improvement and specifically management of complaints and dealing with anti social behaviour
- **Void turnarounds**
- **Rent arrears** are down saving £257,000 in 12 months.

Earlier this year, our Housing Services Centre achieved accreditation to Customer Contact Association Global Standard. This achievement is a clear demonstration of the professionalism shown by the Housing Services Centre in improving standards and customer experience. It also forms part of Raglan's commitment to putting our customers at the heart of everything we do.

Delivering local services

At our Quay Foyer hostel in Poole, we work with some of the most vulnerable people in society. We provide support for homeless young people with a range of issues from accommodation, training and educational as well as emotional and behavioural concerns. We have a dedicated team of Community Initiatives Officers around the country working with residents and key partners such as the police and local councils. By working with local stakeholders, we will ensure that we provide quality services that our residents really want and need.

Efficient and effective

Raglan is working towards achieving 'Investors in Excellence' to deliver a structured approach to supporting the continuous improvement activity.
We have carried out an efficiency review to ensure that Raglan is in the best possible position to deliver our strategic objectives. A wide-range of measures have been implemented to ensure the right people and processes are in place. This has included the relocation of our head office to Reading, the creation of regional offices and the move to an electronic document management system. These sorts of initiatives and new ways of working will save money and time – allowing us to focus on the delivery of new homes.

Nicholas Harris

Chief Executive, Raglan Housing

Report of the Board

The Board presents its report and audited financial statements for the year ended 31 March 2012.

Operating and Financial Review

Nature of the Business

Activities

At Raglan we aim to address a wide variety of housing needs with quality, affordable homes, efficient services, and neighbourhoods where people want to live.

The Association operates in the south east, south west, east and midlands. During the year Raglan Homes Limited, a charitable Industrial and Provident subsidiary, was formed, which has been registered by the Homes and Communities Agency (HCA) as a provider of social housing.

Raglan has entered into an agreement with the HCA to develop 552 units of affordable housing by March 2015. Our development programme involves building new homes in inner city, market towns and rural and selected urban areas. We also develop redundant brownfield sites and refurbish empty properties to bring them back into use as new homes. Homes at affordable rents make up the greater part of our programme and we also provide shared ownership properties and low cost homes for key workers.

During the year the Association progressed its plans to relocate its head office from Poole to Reading and the move was completed in May 2012. A new office was opened in Southampton for the local Neighbourhoods team and the Information Management department. The lease on the Horley office expired and a replacement office was opened in nearby Crawley. These changes have been made to raise the profile of the Association in key areas and to improve efficiency and effectiveness through better internal communication.

Front line staff dealing with our residents and the management of properties, are locally based, with management and administrative support from three Regional and two Area offices and our Housing Services Centre (HSC). The HSC is the first point of contact for residents, and is able to deal with 80% of calls without referring them to local staff.

External Environment

The Tenant Services Authority has been incorporated into the Homes and Communities Agency in the form of a regulatory committee primarily concerned with financial and governance risks. Service delivery failings will be dealt with by the Housing Ombudsman, on referral from a local councillor or Member of Parliament. A new regulatory code incorporating the revised priorities has been put in place.

Local authorities are reviewing their spending priorities following the removal of ring fencing of Supporting People grant. This is resulting in providers of support having to tailor their service to match the funding available.

A number of changes to the benefit system are proposed, which could have an impact on the ability of landlords to collect rent. These have still to be finalised, and the impact remains unclear.

Interest rates have continued to fall and are at historic lows. This, combined with raised levels of inflation, is beneficial to businesses largely funded by debt, but creates the need to manage older debt fixed at higher interest rates. The availability of bank finance remains limited and the terms significantly worse than before the banking crisis. Bond finance is becoming more important to those landlords who have access to the market.

Regulation

Raglan Housing Association is a charitable Industrial and Provident Society, and a Registered Provider with the HCA.

Report of the Board *(continued)*

Operating and Financial Review *(continued)*

Regulation (continued)

Raglan's latest regulatory judgement issued by the Tenant Services Authority in November 2010 confirms that the Association meets the requirements set out in the Governance and Financial Viability standard of the 2010 Regulatory Framework in relation to financial viability. This was reaffirmed by the latest TSA Annual Viability Review of the Association published in March 2012. In relation to governance, the TSA assesses that the Board, supported by appropriate governance and executive arrangements, maintains satisfactory control of the Association.

Vision and Mission

The outlook for the operating environment of the Association has remained stable over the last year and there have been no major changes in the composition of its Board. The executive team has been reorganised during the year. In consequence the Association has not made major changes to its vision and mission.
Our Vision is to be a force in meeting the housing needs and aspirations of all our customers, both now and in the future. Specifically our strategic objectives are:

1. Raglan will be a market leader delivering new high quality homes each year in rural, market towns and suburban areas. There will be a mix of Section 106 and the new affordable housing schemes.

2. Raglan will have at least 15,000 homes by 2017 and will have grown by development, acquisition and merger.

3. Raglan will operate in the South East, South West and Midlands and East of England. We will provide excellent services to local communities using our locally based staff.

4. Raglan aims to reduce its carbon footprint and to become an acknowledged market leader in environmental issues.

5. Raglan will provide good quality rented and leasehold sheltered housing, and ensure upper quartile performance.

6. Raglan will achieve quality accreditation of its services that puts customer satisfaction in the top quartile and is externally validated.

7. Raglan will respond creatively to the new opportunities facilitated by the new coalition government's proposals in delivering more affordable homes.

8. Raglan will provide Value for Money in all that we do.

9. Raglan will be an employer of choice.

10. Raglan will ensure that the management of risk will be central in all that we do.

Our Mission is to be the first choice landlord, partner and employer in these areas of operation and to be nationally influential and a market leader in the provision of high quality homes and services.

Strategies

Raglan is reviewing its long term strategy and is currently implementing a plan to meet the short term needs of the business. These are grouped under the following headings:

- Complete the office relocation strategy
- External validation of service quality
- Rebuild the development programme to 200 completed homes per annum in the SW, SE and Midlands by 2013/14 with 150 in 2011/12 and 250 in 2012/13
- Achieve upper quartile KPI's

Report of the Board *(continued)*

Operating and Financial Review *(continued)*

Strategies *(continued)*

- Optimise the level of grant received from the HCA under the new arrangements for the funding of social housing
- Delivering the affordable housing programme on time and within budget
- Complete a comprehensive communication strategy
- Obtain code of practice for sheltered housing
- Provide cost effective repairs service that meets tenants' needs
- Deliver the Development Programme on a two thirds/one third tenure basis, in favour of rent over Shared Ownership

Performance in the period

Responsive and Cyclical Repairs, including Compliance

After winning new contracts for Hampshire and Kent & Sussex, Ian Williams failed to mobilise effectively and after 6 months were replaced by interim contractors Wessex (in Hampshire) and Parker Bromley (Kent & Sussex). Thereafter performance across all contract areas has improved and by year end was just under our target of 97% for the jobs completed on time KPI and well in excess of our satisfied customer KPI of 85%. All other KPIs, including recalls, end-to-end time, jobs completed first time and appointments kept were significantly improved. Void performance and costs have also significantly improved. Budgeted savings of 3% have been achieved.

The first of the interim contracts (West) was retendered on a price per property and also included, at the request of residents, a pilot scheme to place orders direct with the contractor. Initially costs exceeded our budget expectations, but have been progressively managed down throughout the year. The direct ordering has led to improved customer satisfaction and reduced end-to-end times. The re-procurement of other interim contracts was deferred whilst we reviewed the pilot scheme and examined alternative options, including direct delivery and joint ventures. The Board has now agreed in principle the approach for tendering 5 contract areas in 2012/13. This work will be overseen by a project board comprising Members, officers and residents.

A huge effort has been put into achieving regulatory compliance across key risk areas. Our fire safety management has now been independently commended and our catch up programme completed, allowing budgetary reductions. Asbestos management is also fully compliant with the latest regulation and guidance, although this has led to a significant increase in costs due to the requirement to conduct many more management and refurbishment surveys. We have completely overhauled our management of water safety (Legionella) and appointed new contractors for both water sampling and waste management. We are as close as is practicable to ensuring all LGSCs are current and have achieved this without legal action or disconnecting supplies. We are now better equipped to identify the hard core of residents who delay access and this will enable us to extend our current 10-month serving cycle to 12 months for the majority of residents. Major strides have been made in electrical safety, with a targeted cyclical programme for fixed wiring tests and an annual PAT programme.

Our progress on compliance has been largely achieved by employing specialist surveyors on a mixture of permanent and interim contracts. We have sought to make best use of this expertise by packaging works through integrated supply contracts. Thus, our gas contractors provide a "3-star" maintenance service that includes servicing/LGSC renewal, responsive repairs and component replacement, and are managed by our gas expert (ex CORGI) supported by a generic surveyor.

Component Replacement, Major Repairs and Cyclical Painting

Our planned works programme is dictated by our asset management strategy and is built up by combining life cycle anniversaries drawn from our asset database with detailed knowledge of component condition. In the past we have relied on a limited stock condition survey sample, which has limited our confidence in the accuracy of longer-term programme forecasts generated by our asset management system. Over the last 18 months we have completed detailed stock condition surveys for around 15% of our homes and this will enable us, for the first time, to publish an indicative

Report of the Board *(continued)*

Operating and Financial Review *(continued)*

Strategies *(continued)*

5-year programme (subject to finance). In 2012/13 we will carry out pared down surveys that will capture the key information for primary components on another 35% of stock, enabling a fundamental review of our long-term costs and informing a new asset management strategy.

In the course of the year:

We modernised 544 kitchens for around £2.3 million. This programme was delayed, causing some quality issues and completions leaking into May.

We refurbished 240 bathrooms for £0.5 million, in tandem with the kitchen replacements.

We replaced windows on 185 homes for £0.633 million.

570 storage heating systems, with 25% lower running costs, were replaced for £2.15 million. 35 homes were converted to gas at no cost thanks to grant aid.

277 high efficiency gas boilers costing £0.62 million were installed.

We redecorated 122 schemes under our cyclical programme for £1.32 million.

Roofs were replaced at 4 schemes for £0.4 million.

Doors were replaced at 4 schemes for £0.1million.

We also completed a range of miscellaneous or minor works including lift refurbishment, door entry and warden call system replacements, major window repairs and sewage plant upgrades.

Decent Homes Standard

At the year end 21 homes failed the Decent Homes Standard, mainly because they fell below the SAP threshold of 35. In most cases this failure is attributable to an anomaly in the desktop calculation used to populate our asset database when the ratings were last changed. In these cases we carry out an energy performance certificate (EPC) survey to provide an accurate assessment and incorporate any improvement proposals (such as additional insulation) into current programmes.

Efficiency

During the year the Group achieved efficiency gains of £170,000. The budget for 2012/13 includes plans that will result in efficiencies of £872,000

Tenant Satisfaction

The Association has a range of satisfaction indicators identified by service areas which have challenging targets. During 2011/12 we piloted a customer insight programme which is now being rolled out across most service areas.

	Performance	
	2012	2011
New lettings	89%	86.5%
Complaints process	71.5%	58.2%
Anti-social behaviour process	87.5%	54%
Anti-social behaviour outcome	80.5%	44.7%
Responsive repairs	90.4%	89.7%
Mystery shopping	92%	88%

There has been a significant improvement in customer satisfaction in a number of key areas, particularly anti-social behaviour and complaints.

Report of the Board *(continued)*

Operating and Financial Review *(continued*

Rent Collection

Rent collection across all of the Association's stock was 98.97% (*2011: 96.29%*).

Performance Indicator: Rent Arrears

Definition and calculation: Total amount of arrears of current tenants at the end of the period as a percentage of the annualised gross rent.

Purpose: To identify the amount of rent outstanding at the end of the period. A high percentage has a cost as cash is being received later and also increases the risk of bad debts.

Target and performance

Target	2012	2011	2010
4.04%	4.4%	5.05%	4.15%

(2011: target 4.5%)

Target and performance net of housing benefit arrears

Target	2012	2011	2010
2.74%	3.1%	3.4%	3.13%

Voids

The average void relet time for the year is outlined below

Target and performance

Target	2012	2011	2010
<25 days	24.3 days	36.3 days	68 days

(2011: Not measured; no target)

The percentage of void properties at the year end was 1.39% (2011: 2.15%)

Performance Indicator: Rent loss on empty properties

Definition and calculation: This is the percentage of the rent due which was lost because of properties being void, some of which are available to let and some of which are unavailable.

Purpose: To express the proportion of rent loss through properties being vacant.

Target and performance

Target	2012	2011	2010
1.23%	1.39%	1.66%	1.75%

(2011: target 1.75%)

Void loss reduced from £880,637 in the year ending 31.3.11 to £792,858 at 31.3.12, a reduction of 11%

Environmental

The most recent rating carried out at 31 March 2011 indicated the average SAP energy efficiency rating on the new definition of our properties was 69 *(2010: 68)*. This figure will be updated after we have carried out a fundamental review to ensure that we are capturing all improvement works, which may require some system development. As indicated earlier under Decent Homes, it is evident that we are currently underestimating the thermal efficiency of our stock, although it should also be noted that the high proportion of stock with electrical heating has a significant negative impact on SAP scores that does not properly reflect the energy efficiency, particular where we are utilising the latest fuel efficient systems.

Report of the Board *(continued)*

Operating and Financial Review *(continued)*

Activity in relation to asbestos, electrical, fire, gas and water safety has been detailed above. In addition we have continued to upgrade roof and cavity insulation; switched some homes from electric to gas heating (often with grant aid), and others from oil to air source heat pumps. We have installed PVPs to a large sheltered scheme to demonstrate its value where there is a high daytime demand for electricity (eg communal lighting and lifts), producing significant savings to residents, whilst Raglan recoups capital costs from the FIT. We also test different approaches in new developments.

Development

During the year 51 rented and 3 shared ownership properties were completed and 300 rented and 61 shared ownership properties units started on site. Grant received was £4.5 million. It is expected that 93 completed properties will come into management in 2012/13.

Three completed properties built for shared ownership were available for sale at the year end.

In addition, during the year Raglan acquired 320 rented properties by stock transfer. Transfer of responsibility for £7,051,319 of Received Capital Grant was included within these acquisitions. An additional 26 rented and 13 shared ownership properties are expected to be purchased by stock transfer in 2012/13.

Health and safety

A Health and Safety Management Committee was formed in March, with a membership drawn from across the organisation. This team meets monthly and is focusing on a 'seven point plan' addressing the most significant issues from last year's SYPOL review. The recommendations from this report are being used as a framework for a three-year quality improvement strategy, with the goal of achieving OHSAS 18001:2007 accreditation by March 2015. We plan to cover many more aspects of Health and Safety in-house, reducing our reliance on external consultants. Five staff members have been selected for IOSH training and accreditation by the end of July 2012. The current Health and Safety manual is being updated and will be completed by September. The existing Health and Safety Policy and Action Plan are seen as fit for purpose, and will both be reviewed and updated by September.

Report of the Board *(continued)*

Operating and Financial Review *(continued)*

Resources

Board

The Board is responsible for the proper and effective management of the Association. The Board, working with the Executive Management Team led by the Chief Executive, undertakes this role through strategic direction, establishing a framework for delegation, and holding the Executive Management Team to account for performance. This includes accountability to residents and other stakeholders, such as funding providers and partner local authorities. Board Members and the Executive Management Team are listed on page 1. The Board comprised 13 Members at 31 March 2012, including 3 resident Members and 1 executive Member.

The Board seeks to have a membership that reflects the diversity of Raglan's residents and the communities where we work.

Current obligations of Board Members to the Board and the Association

Board Members are collectively responsible for ensuring the success of the Association and for its compliance with all legal and regulatory obligations. Individual Members are required to play an active role in the work of the Board and its Committees, including preparing for, attending and participating in meetings, as well as undergoing induction, learning and development activities and an annual appraisal. Members are expected to comply with and uphold the Association's purpose, values, objectives and policies, share responsibility for decisions taken, and represent the Association.

Skills, qualities and experience required by the Board amongst its Members

To discharge its responsibilities for the direction of the Association, Raglan's Board needs a broad range of skills, competencies, experience and knowledge. In addition, we seek to have a diverse membership, reflecting the communities the Association serves. All Members are expected to demonstrate customer focus, strong communication and interpersonal skills, strategic thinking and leadership.

The Board has agreed that, collectively, it shall include Members with skills and experience in and/or knowledge of:

- Building/Property
- Business involvement at a senior level
- Charity/not for profit
- Communication
- Equality and Diversity
- Financial
- Governance
- Housing and sustainable communities
- HR
- IT
- Legal
- Political understanding

Report of the Board *(continued)*

Operating and Financial Review *(continued)*

Resources *(continued)*

Policy for selecting resident Board Members

Resident Board Members are selected in accordance with the Group's Board and Committee Member Recruitment Policy. Vacancies for the resident places on the Board are advertised to all residents. In addition to assessing the candidates' skills and experience, the selection process for resident places takes account of the diversity, tenancy type held and geographical location of candidates, with a view to achieving a balanced representation of residents, consistent with the Association's housing portfolio.

Governance Structure

The Board is supported by a committee structure comprising 5 functional committees and 9 local sub-committees. 7 of the local committees are geographically based and comprise 6 Members, of which 4 are residents and 2 independents. The remaining 2 committees are tenure-specific and are also made up of both resident and independent Members. Members of the main Services and Performance Committee and the local committees may also serve on the Complaints Review Panel, which provides the last internal stage for considering complaints brought by residents. This structure provides the Board with the following support:

Risk & Audit Committee:	Oversees risk management, the audit function, and considers the annual financial statements and external and internal auditors' reports.
Finance & Treasury Committee:	Oversees the Association's finances and exercises borrowing and treasury powers.
Governance & Nominations Committee:	Oversee Board and committee recruitment and performance, reviews members' remuneration and expenses, oversees the recruitment and performance of the Chief Executive, reviews staff terms and conditions.
Services and Performance Committee:	Oversees all aspects of the performance management of housing and support services, ensures resident participation, involvement and feedback is available to inform performance and service delivery, ensures accessibility and diversity are taken into account in planning, delivery and monitoring of housing and support services and liaising with the local services and performance committees.
Development Committee:	Monitors the Group's development programme, approves major new development projects and considers new development initiatives.
Local Services and Performance Committees (9)	Provides local scrutiny, ensure resident participation, involvement and feedback is available to inform performance and service delivery for the local area, ensures accessibility and diversity matters are fully considered and escalates matters of concern to the Services and Performance Committee.

Policy for admitting new shareholders

The Association is moving towards a closed membership in line with best practice.

Code of Governance

Raglan adopted the 2010 National Housing Federation Code of Governance in June 2011 and complies fully with it.

Report of the Board *(continued)*

Operating and Financial Review *(continued)*

Access to Information

Raglan aims to work in a transparent and open manner, making information publicly available unless there are justifiable reasons for not doing so. Reasons would include information that is commercially or financially sensitive, personal details of residents, staff and Board/Committee Members or data of a type where its disclosure would be a breach of the law.

Information takes a variety of forms including reports; policy statements; minutes; and publications, such as newsletters and the annual report. Many may be found on our website www.raglan.org and copies are also available on request.

Subsidiary Companies

As at 31 March 2012 the Association had three wholly owned subsidiary companies. Raglan Developments (formerly Raglan Homes), was set up primarily to develop build-for-sale properties, but was dormant during 2011/12, Raglan Design and Build, was set up to procure the build and professional services for new build properties and Raglan Homes Limited. During the year, the Association set up Raglan Homes as a new Industrial and Provident Society subsidiary; it was incorporated on 30 January 2012. An application has been made to the Homes and Communities Agency for registration of this subsidiary as a Registered Provider, subsequently this application has been accepted. Raglan Homes has not yet begun trading.

Consolidated financial statements have therefore been prepared.

Executive Management Team

Day to day management is delegated to the Chief Executive and the other members of the Executive Management Team, who meet regularly and attend Board meetings.

Staff Strategies

Raglan recognises that the people we employ have a direct impact on business results.

Our staff strategies are designed to:

- further the business objectives of Raglan
- improve our performance and service delivery to residents and others
- aspire towards Raglan being a first choice employer in our areas of operation
- arrange extensive provision for learning and development at all levels of the business
- foster a culture of continuing improvement
- promote effective communication at all levels of Raglan
- provide a safe and positive environment for our staff
- provide equal access to opportunities for all sections of the community
- be aligned with nationally recognised quality initiatives that benefit Raglan and staff.

Performance indicator: Staff Turnover

Definition and calculation: Number of leavers in the year through resignation, excluding redundancies, divided by the permanent headcount at the end of the period.

Purpose: To assess if the level of staff turnover is high, which increases recruitment costs, lowers productivity while new staff learn their job, and lowers morale amongst remaining staff.

Target	2012	2011	2010
<10%	18.2%	14.5%	9.7%

Report of the Board *(continued)*

Operating and Financial Review *(continued)*

Raglan is undergoing major change with an emphasis on the localism agenda and improving services to residents. This initiative has seen a focus on providing more staff to front line services with a review of support functions, working practices and processes and value for money, culminating in a move of our corporate head office to Reading in May 2012. The change programme has seen an increase in staff turnover, which is anticipated to peak in 2012 before returning to its more normal levels.

Diversity

We have an Equality and Diversity Policy that is underpinned by a Single Equality Scheme (SES) which incorporates the 7 strands of diversity. The scheme enhances the delivery of equality and diversity issues through a modular format to allow for the development of standards and actions across the strands of diversity. Residents and staff were heavily involved in a major review of the SES in December 2010. Actions are now incorporated into service reviews as part of our approach to mainstreaming equality and diversity into the way we work. Actions are monitored through newly purchased software and incorporate deadlines and identify managers responsible for implementation. A copy of the SES, including our latest performance report, can be found on our website. Monitoring of the success of this approach is being undertaken by the Board on a regular basis.

In addition to fulfilling our statutory and regulatory responsibilities to promote equality of opportunity in all our activities, we are committed to developing a culture that values employees from all sections of the community, committing sufficient resources to promote Raglan in areas where we are under represented.

Work/Life Balance

In pursuit of our aim of being a first choice employer in our areas of operation, we operate an individual approach to staff, irrespective of their gender or family commitments, in dealing with applications for preferred individual working terms and conditions of employment. These may include options such as participating in flexi-time, compressing full time hours into a shorter working week, working from home, part-time work or job sharing, and extended or sabbatical leave.

In all instances, delivery of service to residents is paramount and must not be compromised in considering such applications.

Learning and Development

We recognise that providing learning and development opportunities is key to reducing the impact of skills shortages within all functions. Raglan continues to commit more than 2% of its annual salary bill to the provision of learning and development, which exceeds the Chartered Institute of Personnel and Development's benchmark. Initiatives run in the last year include the introduction of an Institute for Leadership and Management programme for our second tier of managers, with a focus on developing leaders who can manage significant change and drive through performance improvements. As in previous years, our focus for all staff in the coming year continues to be on performance management and customer service improvement. Our on-line learning facility has had further improvements which allow us to monitor completion of essential learning programmes more effectively.

Our recently introduced learning and development programme, entitled "The Building Blocks of Management" for our third tier of managers has proved successful and we will be running a fourth programme during 2011/12. The programme is targeted at equipping newly appointed managers, and managers who have had no formal training, with the essential skills they need to be successful in delivering quality services to our residents through their teams. The programme is accredited through the Institute of Leadership and Management.

All members of the newly-formed Local Service and Performance Committees have begun a comprehensive learning and development programme to enable them to fulfil their role in the governance of the organisation. It covers issues such as equality and diversity, performance management, finance and committee skills. Additional training has been provided to those chairing committees.

Raglan is accredited with the *Investors in People* standard and we successfully re-affirmed our status by May 2011. The Core Standard has enabled us to assess our performance more effectively on staff issues over key aspects of the business, and an action plan has been developed to address the areas for improvement highlighted in the assessment.

Report of the Board *(continued)*

Operating and Financial Review *(continued)*

Communication

We have a comprehensive two-way communication process with staff which includes team briefings, annual appraisals and regular one-to-one meetings. We run employee satisfaction surveys and produce a quarterly staff magazine. Our staff conference is an annual event involving as many staff as possible. During 2008 a business briefing note entitled What's Going On? was introduced and it now forms the backbone of the monthly and quarterly team briefings for all staff. Information on our activities, policies and procedures are accessible for our staff

Staff Consultation

Raglan has a Staff Committee whose Members represent either specific geographical areas or departments within the organisation. During the early part of 2011 we reviewed its agreement with the Staff Committee, which commits us to consulting with and informing staff of issues that may affect their terms and conditions of employment, including mergers, acquisitions and restructuring. The Committee have seen their roles expand with a greater emphasis on advocating for their colleagues. We have also provided financial support to the Committee so that it is able to carry out its role more effectively. The Staff Committee submit ideas and proposals that seek to improve the terms and conditions of employees and have, during the year, seen improvements in business processes and the enhancement of policies. The Staff Committee is actively engaged in the delivery of health & safety and equality and diversity initiatives within Raglan.

The Chief Executive and designated Management Team Members meet quarterly with the Staff Committee to discuss and consult on Raglan-wide matters. The Head of Human Resources meets regularly with members of the Staff Committee.

Risks and Uncertainties

The assessment, mitigation and management of risk is embedded throughout the Association's procedures. Key examples are:

- The assessment of all prospective residents of rented and leasehold properties;
- The structured process for examining health and safety risks, with monitoring against baseline assessments;
- The appraisal of every prospective housing development against quality standards, special risks such as site conditions, and for an acceptable financial profile.
- A comprehensive internal audit programme carried out by an external provider.

Alongside these embedded systems, designated managers are responsible for each identified risk area. Risk managers are also required to monitor the operation of internal controls over key corporate risks, and risk management is a standing agenda item for all 1:1 and appraisal meetings.

New, emerging and highest scoring risks are considered by the Risk and Audit Committee on a regular basis at its meetings throughout the year, together with changes in risk impact assessments.

The Director of Finance manages the process of risk appraisal and review against the business plan, and reports on this and the operation of controls to the Board using a scoring system. The Chief Executive reports to the Risk and Audit Committee on the effectiveness of the internal control environment.

The Association has completed a review of its risk strategy, defined its risk appetite and identified the strategic risks and opportunities related to its corporate objectives:

- Increased cost of existing financial commitments
- Office move
- Change at the top
- Volatility of main income stream
- Becoming an organisation that doesn't miss opportunities
- Becoming a learning organisation
- Organisational overload
- Understanding/educating stakeholders' perceptions
- Development outside affordable rent programme

Report of the Board *(continued)*

Operating and Financial Review *(continued)*

Relationships

Resident involvement

Raglan Housing Association seeks to put resident involvement at the heart of all its activities so that residents can both influence the delivery of housing services and play an active part in the governance of the Association. Based on our Resident Involvement Policy, we have a rolling three-year Strategy to deliver this commitment.

There are a wide range of opportunities for residents to become involved in influencing service delivery and governance:

Service delivery

- Policy Consultation Panel – contributes to the formulation and review of Neighbourhood and AIMS policies through attendance at meetings or postal contact;
- Technical Services Panel – is consulted on matters such as cyclical decoration and term maintenance contracts at a local level;
- Specialist Panels – young persons; older persons; disabled persons; estate services liaison – consulted in their particular area of specialisation;
- Diversity Panel – in liaison with our Single Equality Scheme, we have now set up this Panel that will work with us on Equality and Diversity matters, including carrying out equality impact assessments on housing services policies and procedures;
- *Ad hoc* Focus Groups – these are set up by the Community Initiatives team to work with the Association on various matters, such as major procedure reviews or service development. This year we reviewed the Disabled Facilities Grant process and progress against strategic objectives. Both reviews have led to improved accessibility to the services;
- Neighbourhood Charters –between Tenants' groups and the Association over a number of things including the standard of estate based services and the balance between cost and quality;
- People With Opinions and Readers Group – are standing groups of residents who don't want to be part of formal representative groups but still wish to play a part in service delivery and policy work; the Readers Group sign off some documents as read and fit for publication;
- Tenant Inspection Group – a team of tenants who carry out systematic themed reviews on specific service areas, the outcome of which is a report that is presented to the Service and Performance Committee for approval;
- Repairs and Maintenance Service Improvement Group – a team of tenants who are involved in the design and delivery of the Asset Management Strategy through the tendering, procurement and delivery process for responsive and cyclical maintenance;
- Estate Taskforce – where an individual estate receives intensive work over the course of a year in order to improve the environment and quality of life for residents there. This involves extensive close co-working with residents and the wider community by looking at the issues that matter most and working together to resolve them through joint action. We are at our fifth project at Vespasian Road and Roman Way in Andover, where we received an award from the Journal of Neighbourhood Renewal for our regeneration work in this neighbourhood;
- Local Offers – frontline staff teams are working with our tenants to develop and monitor a range of local offers from within the Home Standard, Tenant Involvement and Empowerment standard and Community standard as defined by the regulatory framework. So far we have produced a menu framework where tenants pick specific offers from the menus to address specific needs that have been identified. Usually these are recorded in a neighbourhood charter, but can also be recorded and monitored through less formal documents such as newsletters and estate inspection reports.

Report of the Board *(continued)*

Operating and Financial Review *(continued)*

- Mystery shopping – introduced during 2008. Residents have been recruited and trained as mystery shoppers. Apart from mystery-shopping and their routine calls to our Housing Services Centre, they also carry out a number of scenarios, for which we pay £25 every three months. The Community Initiatives Team carries out the recruitment and training of residents. The mystery shopping results have provided us with useful information for addressing HSC operatives' training needs and identifying potential script issues within the call handling software. On an average quarter we undertake 75 mystery shops with a 90% response rate.

Governance

- Formally-constituted Residents' Associations which can elect members to the Area Forums;
- Scheme-based elected spokespersons who can elect members to the Area Forums;
- Residents who elect members to the Local Service and Performance Committees;
- Local Services and Performance Committees;
- Board – three Board Members are recruited from residents who are actively involved in the Association's resident participation activities.

Apart from the arrangements listed above, Raglan's Community Initiatives Team works with residents at scheme level to improve their environment through a range of activities. In particular, we have an annual, scheme-based project where an "Estate Taskforce", including housing services staff, work intensively with residents and external agencies to improve residents' quality of life and environment. The taskforce addresses problems such as anti-social behaviour, vandalism and general disengagement and exclusion. The initiative also contributes to efficiency savings by:

- reducing tenancy turnover through residents being happier living where they do;
- reducing void repair costs;
- decreasing arrears by introducing a local residents' reward scheme;
- reducing communal repair costs that result from vandalism and graffiti, through residents taking greater pride in their environment and being more engaged with their neighbours;
- increasing confidence in the Association and other agencies such as the police, by demonstrating the will to challenge anti-social behaviour;
- improving the relationship between residents and the Association through the intensive partnership working of the project.

Financial inclusion

The Association is committed to helping to promote and increase financial inclusion. During the year the Association has continued its commitment to the part-funding of a money advice and debt counselling project in Weston-Super-Mare, Somerset, where the Association has a concentration of rented properties. The service, administered by the local Citizens' Advice Bureau and credit union, offers an integrated debt counselling/money advice service, along with setting up basic bank accounts, getting loans at a reasonable rate of interest and setting up savings accounts. It is hoped that, over the initial three years of the service, arrears and eviction will decrease, resulting in a more stable community and lower void repair costs. We financially support the South Coast Moneyline, which provides competitive loans to our residents in Southampton, Portsmouth and Eastleigh, and, in addition, we have given £1,000 to the Coastal Credit Union, who provide credit union facilities to persons with a BH post code. In 2011/12 the Board agreed to the establishment of a financial inclusion service which will develop links to existing providers and debt advice agencies. Preliminary discussions have been held with other agencies and registered providers to kick start this programme.

Charitable contributions

No charitable donations *(2011: Nil)* were made during the year.

Report of the Board *(continued)*

Operating and Financial Review *(continued)*

Financial Position

At 31 March 2012 the Group implemented the 2010 Statement of Recommended Practice, which included adopting component accounting. Figures for prior years have been restated on the same basis. The Group income and expenditure account is summarised in the following table:

	2012	2011
	£'000	£'000
		(restated)
Turnover	57,023	54,972
Operating Costs	(41,334)	(41,257)
Cost of sales	(419)	(575)
Net interest charges and finance costs	(11,466)	(10,445)
Surplus on sale of assets	812	588
Surplus for the year	4,616	3,283

Turnover

Turnover increased by £2 million (3.7%) as a net result of rent increases and increased housing stock and reduced shared ownership sales.

Maintenance

Routine maintenance expenditure for the year was £9.53 million, an increase of 0.8% from the previous year. This represents a saving in real terms.

The cost of planned works and major repairs charged to the income and expenditure account was £6.25 million *(2011: £7.97 million)*. The normal cycle of works means that expenditure varies from year to year, but there was increased expenditure on fire safety in the prior year.

Capital expenditure on replacement of components was £7.26 million *(2011: £4.87 million)*.

Operating Margin on social lettings

Operating costs on social housing lettings fell by 0.7% in the year due mainly to the maintenance costs discussed above. This resulted in the operating margin on social housing letting increasing from 28.8% to 32.5%.

Sales of first tranches of shared ownership properties showed a surplus of £47,000 *(2011: £161,000)*.

Interest Payable

	2012	2011
Average borrowings	£269 million	£259 million
Proportion fixed	74%	67%
Weighted cost of funds	4.26%	4.15%

Report of the Board *(continued)*

Operating and Financial Review *(continued)*

Pension Costs

The Association participates in two pensions schemes: The Dorset County Pension Fund (DCPF) which is accounted for as a defined benefit scheme under FRS 17 and the Social Housing Pension Scheme (SHPS) which is a multi-employer defined benefit scheme. From 1 April 2011 the SHPS defined benefit scheme was closed to new members. New employees will be offered the SHPS defined contribution scheme, with the employer matching the employees' contribution levels.

Raglan's deficit in DCPF rose from £2.1 million to £2.8 million in the year as the result of a fall in the real discount rate used in valuing the liabilities of the fund. The value of the assets did not change materially.

A provisional actuarial update of the funding position of SHPS at September 2011 showed a funding level of 67.0% *(September 2010: 80.0%)*. During the year the employer contribution rate for Raglan was between 7.0% and 8.3%, depending on the level of benefit provided, plus deficit contributions of 7.5% of pensionable salaries. Contribution rates are unchanged after 1 April 2011. In addition, Raglan will pay a surcharge of 1.5% of pensionable earnings from 1 April 2011 as a result of closing the scheme to new employees. Revisions to contribution rates following the 2011 valuation have not yet been notified by SHPS.

Fixed assets

A review of the value of the Association's fixed assets has been carried out. Conditions attached to the ownership of a particular property owned by the association have resulted in its value been impaired to nil, resulting in a charge to the income and expenditure account of £0.85 million, (2011, £0.1million. Social Housing Grant which had been received for improvements to the property has been recycled.

The Association has purchased new stock in Bedford and the net book value of assets after restatement for component accounting at 31 March 2012 is £342.2million.

Forecasts

The Group is forecasting a surplus excluding asset sales for 2012/13 of £7.19 million. The surplus on sales of properties is forecast to be an adequate amount, under the affordable housing agreement with the Homes and Communities Agency.

Treasury Policies and Objectives

The Association has a formal Treasury Management Policy which is regularly reviewed and agreed by the Association's Board. The purpose of the policy is to establish the framework within which the Association seeks to control risk arising from its borrowings and cash holdings.

In order to achieve this, the Policy provides a strategy for:

- Association borrowings and subsequent debt management;
- Investment of surplus funds;
- Relationship with bankers, lenders and advisors.

The Association has approval from the Regulator to use financial derivative instruments and this is incorporated in the registered Rules of the Association. Derivatives are not used for speculative purposes or in such a way that an additional exposure to market forces is created.

Capital Structure

The Association's policy is to raise debt finance through bilateral loans and bond issuance and it has funding from seven principal lenders. No new loan facilities were agreed in the year.

Total loan facilities at 31 March 2012 were £337 million *(2011: £340 million)* of which £43 million were undrawn *(2011: £79 million undrawn)*.

Report of the Board *(continued)*

Operating and Financial Review *(continued)*

Cash flows

During the year net cash of £24.9 million *(2011: £19.9 million restated)* was generated by group operating activities. £0.5 million *(2011: £2.2 million)* was received from the disposal of housing properties. As a developing Association there were significant cash flows from new development. Spend was £46.9 million before receipt of grant of £9million *(2011: £30.2 million before grant receipt of £13.4 million)*. The reduced level of grant receipts is due to the new HCA funding arrangements. Scheduled loan repayments and re-financings were £3.1 million *(2011: £0.8 million)*. A total of £36.0 million was drawn from loan facilities *(2011: £9.0 million)*.

Liquidity

The Association maintains a list of investment limits for authorised organisations with which it will place deposits based on short-term credit ratings. As at 31 March 2012 cash balances were £15.2 million *(2011: £6.6 million)* and committed facilities exceeded the Association's contracted obligations by £43 million. The excess of committed facilities over capital commitments is to ensure the proposed HCA development bid is fully funded.

As at 31 March 2012 derivative exposure positions with counterparties were circa £49.1 million *(2011: £21.3 million)*. Cash of £5.8 million was held on deposit to cover the excess over exposure limits plus charged property security.

Loan Covenants

As a result of the introduction of component accounting the basis for calculating covenant ratios has been renegotiated with lenders and a consistent basis has been agreed. On this basis performance against covenants is:

	Covenant	2012	2011
Interest cover	>110%	190%	180%
Gearing	<85%	69%	63%

Internal Controls Assurance

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls, which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed and is consistent with the principles of the Financial Reporting Council's Combined Code on Corporate Governance as incorporated in the Housing Corporation circular 07/07: Internal Controls Assurance, now withdrawn, but considered good practice.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework, includes:

- *Identification and evaluation of key risks*

  Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is an on-going process of management review in each area of the Association's activities. This process is summarised in an annual report considered by the Risk and Audit Committee. The Executive Management Team regularly considers significant risks facing the Association from both existing and proposed new business, and these are identified and evaluated.

Report of the Board *(continued)*

Operating and Financial Review *(continued)*

- *Monitoring and corrective action*

  A process of control self-assessment and regular management reporting on regulatory and control issues, including any raised by the external auditors, provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

- *Control environment and control procedures*

  The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. The Board has adopted the NHF Code of Excellence in Standards of Conduct. Raglan's own Code of Conduct is disseminated to all employees. This sets out the Association's stance with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data protection and fraud, including its prevention, detection and reporting, and the recovery of assets. During the year, Raglan revised its Hospitality and Gifts Policy to include reference to Bribery, in compliance with the Bribery Act 2010.

- *Information and financial reporting systems*

  Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes; and also progress in achieving and retaining recognition for quality management systems.

  The internal control framework and the risk management process are subject to regular review by Internal Audit, who are responsible for providing independent assurance to the Board via the Risk and Audit Committee. The Risk and Audit Committee considers internal control at each of its meetings during the year.

The Board has received from the Chief Executive an annual report, has conducted its annual review of the effectiveness of the system of internal control, has reviewed any fraud registers (no entries in the year) and has taken account of any changes needed to maintain the effectiveness of risk management and the control process.

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Association. This process has been in place throughout the year under review, up to the date of the annual report, and is reviewed by the Board.

Disclosure of information to auditors

The Board Members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board Member has taken all the steps that he / she ought to have taken to make himself / herself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Auditors

A resolution for the re-appointment of KPMG LLP as auditors of the Association is to be proposed at the forthcoming Annual General Meeting.

The report of the Board was approved on 17 July 2012 and signed on its behalf by

George Blunden

George Blunden

Chairman

Statement of the Board's Responsibilities in Respect of the Board's Report and the Financial Statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Industrial and Provident Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the surplus or deficit for that period.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Association will continue in business.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Industrial and Provident Societies Acts 1965 to 2003 and the Industrial and Provident Societies (Group Accounts) Regulations 1969, and the Accounting Requirements for Registered Social Landlords General Determination 2006. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Independent Auditors to the Members of Raglan Housing Association Limited

We have audited the financial statements of Raglan Housing Association Limited for the year ended 31 March 2012 which comprise the Group and Association Income and Expenditure Account, the Group and Association Statement of Total Recognised Surpluses and Deficits, the Group and Association Balance Sheets, the Group Cash flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with section 128 of the Housing and Regeneration Act 2008 and section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditor

As more fully explained in the Statement of Board's Responsibilities set out on page 21, the Association's Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the Group and Association as at 31 March 2012 and of the Group and Association's surplus for the year then ended; and

- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2003 and the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

Report of the independent auditors to the members of Raglan Housing Association Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2003 and the Industrial and Provident Societies (Group Accounts) Regulations 1969 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Harry Mears (Senior Statutory Auditor)
For and on behalf of KPMG Audit LLP, statutory auditor
Chartered Accountants.
Dukes Keep
Marsh Lane
Southampton
SO14 3EX

25 July 2012

Income and Expenditure Account

For the year ended 31 March 2012

	Note	Group 2012 £'000	Group 2011 £'000 restated	Association 2012 £'000	Association 2011 £'000 restated
Turnover	*2*	**57,023**	54,972	**57,199**	54,972
Operating costs	*2*	**(41,334)**	(41,257)	**(41,312)**	(41,243)
Cost of sales	*2*	**(419)**	(575)	**(419)**	(575)
Operating surplus	*2*	**15,270**	13,140	**15,468**	13,154
Surplus on sale of fixed assets	*9b*	**812**	588	**812**	588
Interest receivable and similar income	7	**76**	33	**76**	33
Interest payable and similar charges	*8*	**(11,454)**	(10,335)	**(11,454)**	(10,335)
Other finance costs (pensions)	*26b*	**(88)**	(143)	**(88)**	(143)
Surplus for the year	*4,20*	**4,616**	3,283	**4,814**	3,297

There is no material difference between the surplus for the year reported above and its historical cost equivalent.

All results arise from continuing operations.

Statement of Total Recognised Surpluses and Deficits

For the year ended 31 March 2012

	Note	Group 2012 £'000	Group 2011 £'000 restated	Association 2012 £'000	Association 2011 £'000 restated
Surplus for the financial year as originally stated		**4,616**	3,283	**4,814**	3,297
Actual return less expected return on pension scheme assets	*26b*	**15**	32	**15**	32
Pension scheme liabilities assumption changes	*26b*	**(680)**	798	**(680)**	798
Experience gains and losses	*26b*	**-**	(350)	**-**	(350)
Total surplus before prior year adjustment		**3,951**	3,763	**4,149**	3,777
Prior Year Adjustment	*10*	**16,199**	-	**16,199**	-
Total recognised surplus since last annual report		**20,150**	3,763	**20,348**	3,777

Consolidated Balance Sheet
at 31 March 2012

	Note	2012 £'000	2012 £'000	2011 £'000 restated	2011 £'000 restated
Tangible fixed assets					
Housing properties	9a		681,548		641,859
Social housing grant	9a		(339,379)		(328,980)
			342,169		312,879
Other fixed assets	11		1,886		1,976
			344,055		314,855
Current assets					
Stocks		7		26	
Properties for sale	13	3,212		2,103	
Debtors	14	6,382		8,177	
Cash at bank and in hand		15,173		6,570	
		24,774		16,876	
Creditors: amounts falling due within one year	15	(21,491)		(22,159)	
Net current assets / (liabilities)			3,283		(5,283)
Total assets less current liabilities			347,338		309,572
Creditors: amounts falling due after more than one year	16		290,541		257,369
Pension schemes liabilities	26b		2,843		2,126
Provisions for liabilities and charges	17		449		523
Capital and reserves					
Called up share capital	18		-		-
Designated reserves	19,20		-		8,694
Income and expenditure account	20		53,505		40,860
			347,338		309,572

These financial statements were approved by the Board on 17 July 2012 and were signed on its behalf by:

G Blunden
Chairman

J Weguelin
Board Member

A Harling
Secretary

Association Balance Sheet

At 31 March 2012

	Note	2012 £'000	2012 £'000	2011 £'000 restated	2011 £'000 restated
Tangible fixed assets					
Housing properties	9a		681,805		642,251
Social housing grant	9a		(339,379)		(328,980)
			342,426		313,271
Other fixed assets	10		1,886		1,976
			344,312		315,247
Current assets					
Stocks		6		26	
Properties for sale	13	3,212		2,103	
Debtors	14	6,337		8,380	
Cash at bank and in hand		14,753		5,917	
		24,308		16,426	
Creditors: amounts falling due within one year	15	(21,070)		(22,087)	
Net current assets / (liabilities)			3,238		(5,661)
Total assets less current liabilities			347,550		309,586
Creditors: amounts falling due after more than one year	16		290,541		257,369
Pension schemes liabilities	26b		2,843		2,126
Provisions for liabilities and charges	17		449		523
Capital and reserves					
Called up share capital	18		-		-
Designated reserves	19,20		-		8,694
Income and expenditure account	20		53,717		40,874
			347,550		309,586

These financial statements were approved by the Board on 17 July 2012 and were signed on its behalf by:

G Blunden	**J Weguelin**	**A Harling**
Chairman	*Board Member*	*Secretary*

Consolidated Cash Flow Statement

for the year ended 31 March 2012

	Note	2012		2011 Restated	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	*I*		**24,908**		19,904
Returns on investments and servicing of finance					
Interest received		**76**		33	
Interest paid on loans		**(10,800)**		(10,900)	
Loan issue costs		**(170)**		(291)	
Net cash outflow from returns on investments and servicing of finance			**(10,894)**		(11,158)
Capital expenditure					
Acquisition and construction of housing properties		**(46,936)**		(35,052)	
Purchase of other fixed assets		**(878)**		(622)	
Social housing grant and other grants received		**9,025**		13,400	
Receipts from sale of housing properties:					
Shared ownership subsequent tranche		**(355)**		478	
Other		**821**		1,693	
Net cash outflow from capital expenditure			**(38,322)**		(20,103)
Net cash outflow before financing			**(24,308)**		(11,357)
Financing					
Proceeds from housing loans		**36,000**		9,000	
Housing loan repayments		**(3,089)**		(761)	
Net cash inflow from financing			**32,911**		8,239
Increase /(Decrease) in cash and cash equivalents	*II,III*		**8,603**		(3,118)

Notes to the Consolidated Cash Flow Statement

I Reconciliation of operating surplus to net cash inflow from operating activities

	2012	2011 Restated
	£'000	£'000
Operating surplus	15,270	13,140
Depreciation and impairment	6,714	5,774
Movement in properties held for sale	977	550
Deficit on disposal of other fixed assets	(438)	7
Decrease / (increase) in stocks	19	1
Decrease / (increase) in debtors	3,857	(4,191)
(Decrease) / increase in creditors	(1,381)	4,822
(Decrease) in provisions	(74)	430
Difference between pensions charge and contributions paid	(36)	(629)
Net cash inflow from operating activities	**24,908**	19,872

II Analysis of net debt

	At 1 April 2011	Cash flows	Other Changes	At 31 March 2012
	£'000	£'000	£'000	£'000
Cash at bank and in hand	6,570	8,603	-	**15,173**
	6,570	8,603	-	**15,173**
Debt due within 1 year	(2,621)	3,089	(3,310)	**(2,842)**
Debt due after 1 year	(258,352)	(36,000)	3,310	**(291,042)**
	(254,403)	(24,308)	-	**(278,711)**

Debt due after one year of £291,042,000 *(2011: £258,352,000)* includes loan issue costs added back of £1,752,000 *(2011: £1,655,000)* and amortised in accordance with FRS 4.

III Reconciliation of net cash flow to movement in net debt

	£'000
Increase in cash in the period	**8,603**
Loans repaid	**3,089**
Bank loan	**(36,000)**
Movement in net debt in the period	**(24,308)**
Net debt at the beginning of the period	**(254,403)**
Net debt at 31 March 2012	**(278,711)**

Notes
(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and in accordance with the Industrial and Provident Societies Acts 1965 to 2003, the Accounting Requirements for Registered Social Landlords General Determination 2006, the Statement of Recommended Practice Accounting by Registered Social Landlords update 2010 and under the historical cost accounting rules. The financial statements have been prepared on a going concern basis, which assumes that the Association and Group will continue trading. The directors have prepared forecasts based on current expectations of future market conditions and consider that the Association and Group are able to continue to trade and settle all liabilities as they fall due for at least twelve months from the date of signing these financial statements.

Consolidation

The consolidated financial statements include the Association and its subsidiaries. The results of subsidiaries are included in the consolidated income and expenditure account from the date of their formation or acquisition. Intra-group surpluses and deficits are eliminated on consolidation. Unless otherwise stated, the information given in notes to the financial statements for the Group also applies to the Association.

Turnover

Turnover represents rental and service charge income receivable and other income.

Social Housing Grant

Where developments have been financed wholly or partly by Social Housing Grant (SHG), the cost of those developments has been reduced by the amount of grant receivable.

A proportion determined by Homes and Communities Agency conditions is attributed to the revenue management costs of acquisition and is included in turnover. The remainder is shown as a deduction from the cost of housing properties.

SHG is repayable under certain circumstances, primarily following the sale of a property, but will normally be restricted to net proceeds of sale. SHG received in excess of property cost, to the extent that it does not represent part of the overall funding of the Association's development programme, is shown as a current liability. SHG is accounted for on a receivable basis.

Recycled Capital Grant Fund and Disposals Proceeds Fund

Following certain relevant events Social Housing Grant (SHG) is credited to the Recycled Capital Grant Fund where it can remain for three years. At the end of the three years it becomes repayable. Following sales under the Right to Acquire, surpluses generated by the Right to Acquire are credited to the Disposals Proceeds Fund. At the end of the three years they become repayable. These funds are included as creditors due within one year or due after more than one year as appropriate to the circumstances.

Housing Properties

Housing properties are stated at cost. This includes the purchase price of land and construction costs, together with incidental costs of acquisition and improvements, including management costs incurred in the course of producing each property and interest payable. Interest payable is capitalised during the construction of the property up to the date of practical completion, by reference to the Association's average cost of borrowing. Housing properties in the course of construction are stated at cost.

Under component accounting the cost of housing properties is split between the structure and those major components which require periodic replacement. Replacement of major components is capitalised and depreciated over the estimated useful life of the component.

Notes *(continued)*

1. Accounting policies *(continued)*

Where land is acquired from a public body for the provision of social housing at nil cost or below market value the land is shown in the balance sheet at vacant possession open market value. The difference between this value and amount paid is included in Social Housing Grant.

Where properties are sold under shared ownership leases, first tranche sale proceeds are deducted from the carrying value of the properties.

First Tranche Shared Ownership sales

The Association has adopted the accounting treatment of the Statement of Recommended Practice such that:

- Shared Ownership properties are split proportionally between current and fixed assets based on the first tranche proportion;
- First tranche proportions are accounted for as current assets and the related sales proceeds shown in turnover and the related costs in operating costs;
- The remaining element of the Shared Ownership properties is accounted for as a fixed asset so that any subsequent sale is treated as a part disposal of a fixed asset; and
- Any surplus on the first tranche shared ownership sales on mixed tenure developments (sale and rent) is restricted to the overall scheme development net present value of future cashflows.

Property for sale

Unsold shared ownership first tranche properties and shared ownership properties under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour, and direct development overheads. Net realisable value is based upon estimated sales price, after allowing for all further costs of completion and sales costs, and the net present value of the estimated future cashflows of the development, both shared ownership and rented stock where applicable.

Under Right to Buy and Right to Acquire arrangements, the Association sells properties to qualifying tenants. Surpluses and deficits arising are included in the surplus on sale of fixed assets in the income and expenditure account.

Depreciation and impairment

Housing properties

Freehold land is not depreciated. Depreciation is charged so as to write down the net cost (cost less SHG) of housing properties and their components on their estimated residual value on a straight line basis over their remaining expected useful economic lives.

Under component accounting the cost of housing properties is split between the structure and those major components which require periodic replacement.

Replacement of major components is capitalised and depreciated over the estimated life of the component.

The expected useful lives of the structure and components are as follows:

	Houses/Maisonettes	Flats
Boilers	15	15
Kitchens	20	20
Heating Systems & Bathrooms	30	30
Electrics & Windows	40	40
Roof covers	80	80
Structure	110	80

Grant received is apportioned between the land and building elements in arriving at the depreciable amount.
Leasehold properties are depreciated over the life of the lease on a straight line basis.

Notes *(continued)*

1. Accounting policies *(continued)*

Impairment reviews are carried out for all properties on an annual basis in accordance with FRS 11.

Other Fixed Assets

Depreciation is calculated to write off the cost of other fixed assets over the expected useful lives of the assets concerned at the following annual rates:

Computers	- 20% (straight line)
Furniture, fixtures and fittings - at established schemes	- 12% (straight line)
Furniture and equipment - at leasehold offices	- 20% (straight line)
Improvements to leasehold offices	- Over term of lease
Motor vehicles	- 25% (reducing balance)
Freehold Office Property	- 1% (straight line)
Temporary structures	- Over anticipated life of structure

Freehold land is not depreciated.

Loan Finance Issue Costs

These are written off evenly over the life of the related loan. Loans are stated in the Balance Sheet at the amount of the net proceeds after issue plus amortised issue costs.

Derivatives

Interest differentials on derivatives are recognised by adjusting net interest payable in the period to which they relate.

Designated reserves

A reserve has been established to fund major repairs. Annual transfers are made to the reserve to enable it to cover all such works anticipated as a result of assessment of the condition of the Association's housing stock. The Association has moved to component accounting during 2012; this move means that major repair items are now classed as assets. As such the designated reserve is no longer required.

Leasehold sinking funds

Unexpended amounts collected for major repairs on leasehold schemes are included in creditors. The funds are held in implied trust bank accounts.

Share capital

Shareholders are approved by the Board and may hold only one share. The shares have limited rights. They carry no entitlement to dividend, they are not repayable and do not participate in a winding up. They carry the following voting rights: to approve the financial statements and to appoint Members of the Board and the auditors.

Apportionment of management expenses

Direct employee, administration and operating costs have been apportioned to the relevant sections of the income and expenditure account on the basis of costs of the staff directly engaged on the operations dealt with in these financial statements.

Pensions

The Association operates two pension schemes providing benefits based on final pensionable pay: the Social Housing Pension Scheme (SHPS) and the Dorset County Pension Fund (DCPF). The assets of the schemes are held separately from those of the Association.

The Association is unable to identify its share of the underlying assets and liabilities of the SHPS on a consistent and reasonable basis and therefore accounts for this scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the period.

Notes *(continued)*

1. Accounting policies *(continued)*

The difference between the Association's share of the assets of DCPF and its liabilities measured on an actuarial basis using the projected unit cost method are recognised in the Association's balance sheet as a pension scheme liability.

Changes to the defined benefit pension scheme liability arising from factors other than cash contribution by the Association are charged to the income and expenditure account or the statement of total recognised surpluses and deficits in accordance with FRS 17.

Operating leases

Operating lease charges are charged to the income and expenditure account on a straight line basis over the life of the lease.

Notes *(continued)*

2. Group particulars of turnover, cost of sales, operating costs & operating surplus

	2012 Turnover	2012 Cost of Sales	2012 Operating costs	2012 Operating surplus	2011 Operating surplus restated
	£'000	£'000	£'000	£'000	£'000
Social housing activities					
Income & expenditure from social lettings	55,136	-	(37,206)	17,930	15,190
	55,136	-	(37,206)	17,930	15,190
Other activities					
Shared ownership first tranche sales	467	(420)	-	47	161
Income & expenditure from non-social lettings	1,197	-	(1,305)	(108)	(89)
Grants & donations	-	-	(61)	(61)	(46)
Development administration costs	116	-	(2,201)	(2,085)	(1,648)
Re-sales: leasehold schemes for the elderly	55	1	-	56	67
Ground rents-leasehold	52	-	-	52	52
Office Relocation Costs	-	-	(561)	(561)	(547)
Total	57,023	(419)	(41,334)	15,270	13,140

In the Association financial statements the grants and donations turnover includes £175,462 *(2011: Nil)*, the Operating costs of the Association are £41,312k (2011: £41,243k) resulting in a total operating surplus of £15,468,000 *(2011: £13,154,000 restated)*.

Notes *(continued)*

3. Group and Association social housing lettings turnover, operating costs and operating surplus

	General needs housing £'000	Temporary social housing £'000	Supported housing £'000	Shared ownership £'000	2012 Total £'000	2011 restated Total £'000
Rent receivable net of identifiable service charges	46,035	231	999	871	**48,136**	45,642
Service charges receivable	4,953	22	836	194	**6,005**	5,783
Supported housing fees	839	-	604	-	**1,443**	1,765
Gross rental income	51,827	253	2,439	1,065	**55,584**	53,190
Voids	(588)	(12)	(177)	(16)	**(793)**	(881)
Net rental income	51,239	241	2,262	1,049	**54,791**	52,309
Other revenue grants	39	-	97	-	**136**	106
Other income	94	-	105	10	**209**	240
Turnover from social housing lettings	51,372	241	2,464	1,059	**55,136**	52,655
Management	(6,024)	(43)	(390)	(58)	**(6,515)**	(6,197)
Services	(5,317)	(26)	(1,036)	(160)	**(6,539)**	(6,159)
Care and support costs	(939)	-	(604)	-	**(1,543)**	(1,841)
Routine maintenance	(9,280)	(68)	(179)	-	**(9,527)**	(9,447)
Planned maintenance	(3,479)	(6)	(97)	-	**(3,582)**	(3,543)
Major repairs expenditure	(2,581)	(34)	(55)	-	**(2,670)**	(4,427)
Bad debt provision	(318)	-	-	-	**(318)**	(366)
Property lease charges	-	(119)	-	-	**(119)**	(116)
Depreciation of housing properties	(4,743)	-	(88)	(314)	**(5,145)**	(5,105)
Impairment of housing properties	(261)	-	(839)	-	**(1,100)**	(104)
Other costs	(127)	(9)	(6)	(6)	**(148)**	(160)
Operating costs on social housing lettings	(33,069)	(305)	(3,294)	(538)	**(37,206)**	(37,465)
Operating surplus/(deficit) on social housing lettings	18,303	(64)	(830)	521	**17,930**	15,190

Notes *(continued)*

4. Surplus for the year – Group and Association

The surplus for the year is stated after charging/(crediting):	2012 £'000	2011 restated £'000
Depreciation of tangible fixed assets:		
- Housing properties	5,145	5,105
- Other	469	562
- Impairment of development land and completed properties	1,100	103
Operating lease charges:		
- Land and buildings	336	315
- Other	252	263
Office relocation costs	561	424
Exceptional (credit) arising from change in pension assumptions	-	(663)
Auditors' remuneration – audit of these financial statements	47	44

5. Directors' emoluments

The remuneration paid to the eight staff members of the executive management team who served during the year was £661,404 including pension contributions *(2011: £827,798)*. This included a severance payment of £26,214 (2011: £Nil) to an executive team member who left the Association in the period.

The eight staff members of the executive management team who served in the year all accrued pension benefits.

The remuneration paid to the Chief Executive was:	2012 £'000	2011 £'000
Emoluments (excluding pension contributions)	146	140
Benefits in kind	4	6
	150	146

The Chief Executive participates in the Social Housing Pension Scheme (see note 26a) on the same terms as all other eligible staff.

The total remuneration and expenses paid to non-executive Board and Committee Members was:

	2012 Emoluments £	2012 Expenses £	2011 Emoluments £	2011 Expenses £
Mr I Andrews	-	-	10,208	-
Mr P Burton	-	-	-	192
Mr G Blunden	11,500	836	10,525	964
Mr M Brown	4,000	95	4,560	770
Mr P Callow	-	-	3,342	956
Mrs S Collins	7,000	985	5,500	254
Ms J Crowe	4,000	1,004	2,446	733
Mr D Field	4,000	768	4,750	1,478
Mr K Goldsworthy	4,000	206	1,915	67

Notes *(continued)*

5. Directors' emoluments *(continued)*

	2012 Emoluments £	2012 Expenses £	2011 Emoluments £	2011 Expenses £
Mr P Hammond	7,000	937	1,641	481
Mr N Marshall	4,000	1,144	4,550	859
Mr C Mitchell	-	-	1,594	169
Mr P Robathan	7,000	1,803	6,092	1,177
Mrs S Terry	7,000	1,011	5,500	379
Mr J Weguelin	7,000	2,101	5,542	1,417
Prof R Tomlins	-	-	2,644	5,079
Mrs J Weston	4,000	131	3,700	188
	70,500	11,021	74,512	15,163

The payment to Mr I Andrews in the year ended 31 March 2011 included £3,500 in relation to 2009/10 and £6,708 in relation to earlier years.

6. Employee information

The average number of employees, expressed in full-time equivalents employed by the Association and Group during the year, was as follows:

	2012 Number	2011 Number
Average number of employees expressed in full time equivalents	336	358

	2012 £'000	2011 £'000
Wages and salaries	9,116	9,100
Social security	802	779
SHPS current service cost	796	768
DCPS current service cost	43	67
DCPS past service (gain)	-	(630)
	10,757	10,084

7. Other interest receivable and similar income – Group and Association

	2012 £'000	2011 £'000
Bank interest receivable	76	33
	76	33

8. Interest payable and similar charges – Group and Association

	2012 £000	2011 £000
On housing loans repayable in more than five years	11,575	10,789
On inheritance tax	64	-
Less Interest capitalised	(185)	(454)
	11,454	10,335

Notes *(continued)*

9. (a) Consolidated Tangible fixed assets - Housing properties

	Completed Housing Properties Held For Letting £'000	Housing Properties under Construction £'000	Completed Shared Ownership Housing Properties £'000	Shared Ownership Housing Properties under Construction £'000	Total £'000
Cost					
At beginning of year(original)	609,980	9,517	23,820	2,803	646,120
Prior year adjustment	33,163	312	-	-	33,555
At beginning of year (restated)	643,143	9,909	23,820	2,803	679,675
Additions during year	32,691	9,623	28	4,780	47,122
Disposals during year	(335)	-	(964)	-	(1,299)
Transferred on Completion	5,325	(5,325)	-	-	-
At end of year	680,824	14,207	22,884	7,583	725,498
Depreciation/Impairment					
At beginning of year(original)	18,149	726	602	983	20,460
Prior year adjustment	17,356	-	-	-	17,356
At beginning of year (restated)	35,505	726	602	983	37,816
Charge for year	4,834	-	311	-	5,145
On disposals	(26)	(64)	(21)	-	(111)
Impairment	1,100	-	-	-	1,100
At end of year	41,413	662	892	983	43,950
Net book value before grant					
At end of year	632,360	13,545	21,992	6,600	674,497
At beginning of year (restated)	607,638	9,183	23,218	1,820	641,859
Social Housing Grant					
At beginning of year	321,962	1,604	4,969	445	328,980
Additions during year	7,697	3,408	-	449	11,554
Disposals during year	(175)	-	(167)	-	(342)
Transferred to RCGF	(813)	-	-	-	(813)
At end of year	328,671	5,012	4,802	894	339,379
Net book value					
At end of year	**310,740**	**8,533**	**17,190**	**5,706**	**342,169**
Net book value					
At beginning of year (restated)	285,676	7,579	18,249	1,375	312,879
At beginning of year (original)	245,778	16,714	18,207	1,519	282,218

Notes *(continued)*

9 (a) Consolidated Tangible fixed assets - Housing properties (continued)

In the Association financial statements at 31 March 2012 the cost of housing properties is increased by £257k. This is the net impact of the administration fee paid to Raglan Design and Build of £555k (2011: £471k) , less the recharge from Raglan of £298k (2011: £78k) under the cost sharing agreement. The net book value as at the end of year is £342,426k

	2012 £'000	Restated 2011 £'000
Housing Properties comprise:		
Freeholds	**325,793**	296,899
Long leaseholds	**15,491**	15,355
Short leaseholds	**885**	625
	342,169	312,879

Interest capitalised during the year totalled £185,436 *(2011: £454,133)*
Interest is capitalised at a rate equal to the Association's weighted cost of Funds.

Notes *(continued)*

9. (b) Surplus on sale of housing properties

The surplus on disposal of other properties by the Group and the Association arose as follows:

	2012 £'000	2011 £'000
Sale proceeds	**2,867**	2,836
Cost of sales	**(2,003)**	(2,109)
Expenses	**(52)**	(139)
Surplus on disposal	**812**	588

10. Prior year adjustment – Group and Association

The prior year adjustment reflects the change in the accounting policy in accordance with SORP update 2010, which requires that if an asset comprises components with materially different useful economic lives, those assets should be separately identified and depreciated over those individual lives.

The cumulative effect of the change in accounting policy for the year ended 31 March 2012 is to reduce operating costs by £16,199k, increase the cost of housing properties by £33,555k, and increase the depreciation of housing properties by £17,356k.

The prior year adjustment to tangible asset balances for the Association for the year ended 31 March 2011 is £2,149k, being the addition of the cost of component replacements £4,875k, less the increase in depreciation of the new components £104k, and the depreciation of components in existing properties £4,997k less the original depreciation of £2,375k.

Notes *(continued)*

10. Prior year adjustment (continued)

	Cumulative Prior Year Adj to March 2010 £'000	Prior Year Adj 2010/11 £'000	Cumulative Prior Year Adj to March 2011 £'000
Operating Costs			
Component depreciation on existing properties	25,655	3,850	29,505
Additional depreciation on components replaced	5,325	1,147	6,472
Additional depreciation on components replaced 2010/11	-	104	103
Less original depreciation	(16,350)	(2,375)	(18,724)
Net depreciation adjustment	14,631	2,726	17,356
Component replacement now capitalised	(28,681)	(4,875)	(33,555)
Net adjustment	(14,050)	(2,149)	(16,199)

Income and expenditure account	
Balance as previously stated	24,675
Net adjustment	16,199
Restated	40,874
Tangible Fixed Assets	
At 31 March 2011 as previously stated - cost	646,120
Add: component replacement from prior years	33,555
At 31 March as restated - cost	679,675
Depreciation and impairment	
At 31 March 2011 as previously stated	(20,460)
Additional depreciation from prior years	(17,356)
At 31 March as restated	(37,816)

The net adjustment of £16,199k is shown on the face of the statement of total recognised surpluses and deficits.

Notes *(continued)*

11. Other tangible fixed assets – Group and Association

	Freehold Office Properties £'000	Office fixtures Furniture and fittings £'000	Computers £'000	Scheme fixture and fittings £'000	Total £'000
Cost					
As at 1 April 2011	705	2,177	3,843	146	6,871
Reclassified as current asset	(532)	-	-	-	(532)
Additions	-	296	582	-	878
Disposals	-	(19)	(133)	-	(152)
As at 31 March 2012	173	2,454	4,292	146	7,065
Depreciation					
As at 1 April 2011	108	1,969	2,672	146	4,895
Reclassified as current asset	(48)	-	-	-	(48)
Charge for year	4	107	358	-	469
Eliminated on disposals	-	(9)	(128)	-	(137)
As at 31 March 2012	64	2,067	2,902	146	5,179
Net book value:					
As at 31 March 2012	**593**	**387**	**1,390**	**-**	**1,886**
As at 31 March 2011	597	208	1,171	-	1,976

Notes *(continued)*

12. Fixed assets investments

The companies in which the Association's interests at the year end are more than 20% are as follows:

	Country of Incorporation	Principal activity	Class and percentage of shares held
Raglan Developments Limited	United Kingdom	Dormant	100% Ordinary Shares
Raglan Design & Build Ltd	United Kingdom	Building Services	100% Ordinary Shares
Raglan Homes Limited	United Kingdom	Dormant	100% Ordinary Shares

13. Properties held for sale – Group and Association

	2012 £'000	2011 £'000
Properties held for sale	484	978
Shared Ownership properties - under construction	2,024	-
- completed	704	1,125
	3,212	2,103

14. Debtors

	Group 2012 £'000	Group 2011 £'000	Association 2012 £'000	Association 2011 £'000
Arrears of rent	2,825	2,872	2,825	2,872
Less: Provision for doubtful debts	(416)	(376)	(416)	(376)
	2,409	2,496	2,409	2,496
Service charges to be recovered	764	782	764	782
Arrears of leaseholders' service charges	59	70	59	70
Social housing grant receivable	1,995	-	1,995	-
Interest receivable	12	2	12	2
Other debtors	967	4,415	921	754
Less: Provision for doubtful debts (other)	(227)	(178)	(227)	(178)
Prepayments	403	590	404	590
Amounts due from Group undertakings	-	-	-	3,864
	6,382	8,177	6,337	8,380

Notes *(continued)*

15. Creditors - Amounts falling due within one year

	Group 2012 £'000	Group 2011 £'000	Association 2012 £'000	Association 2011 £'000
Loans repayable within one year:				
Loans – capital (note 16)	**2,842**	2,621	**2,842**	2,621
Accrued interest	**1,533**	766	**1,533**	766
Recycled Capital Grant and Disposal Proceeds Funds	**10**	284	**10**	284
Contractors - for certified work	**971**	1,377	**971**	1,377
Other creditors including taxation and social security:				
Other taxes and social security	**73**	3,920	**44**	3,920
Leasehold sinking funds	**2,820**	2,878	**2,820**	2,878
Other creditors	**5,198**	4,667	**4,627**	4,595
Accruals	**8,044**	5,646	**8,043**	5,646
Amounts due to Group undertakings	-	-	**180**	-
	21,491	22,159	**21,070**	22,087

16. Creditors – Amounts due after more than one year – Group and Association

	2012 £'000	2011 £'000
Loans	**292,132**	259,318
Recycled Capital Grant Fund	**1,261**	725
Disposal Proceeds Fund	-	231
	293,393	260,274
Included in current liabilities (Loans)	**(2,842)**	(2,621)
Included in current liabilities (Recycled Capital Grant)	**(10)**	(284)
	290,541	257,369

Loans are repayable as follows:	2012 £'000	2011 £'000
Loans repayable by instalments:		
Due within one year	**2,842**	2,621
Between one and two years	**2,992**	2,829
Between two and five years	**11,708**	10,319
After five years	**248,008**	216,870
	265,550	232,639
Loans not repayable by instalments:		
After five years	**28,334**	28,334
	293,884	260,973
Less : Loan Issue Costs	**(1,752)**	(1,655)
	292,132	259,318

Interest is payable on housing loans at varying commercial rates. Loans are secured by fixed charges on individual properties.

Notes *(continued)*

16. Creditors – Amounts due after more than one year *(continued)*

Recycled capital grant fund and disposal proceeds fund – Group and Association.

	2012 £'000	2011 £'000
Recycled Capital Grant Fund (RCGF)		
Balance brought forward at beginning of year	**725**	733
Additions to the fund	**1,119**	417
Transferred out for permitted uses	**(583)**	(425)
	1,261	725
Transferred to creditors less than 1 year	**(10)**	(196)
Balance carried forward at end of year	**1,251**	529
Disposal Proceeds Fund (DPF)		
Balance brought forward at beginning of year	**231**	444
Additions to the fund	**-**	54
Transferred out for permitted uses	**(231)**	(267)
	-	231
Transferred to creditors less than 1 year	**-**	(88)
Balance carried forward at end of year	**-**	143

17. Provisions for liabilities and charges – Group and Association.

	2012 £'000	2011 £'000
Balance brought forward at beginning of year	**523**	93
Charge for year	**-**	430
Expenditure in year	**(74)**	-
Balance carried forward at end of year	**449**	523

The provisions relate to costs arising on office relocation and the termination of Temporary Social Housing leases.

18. Share Capital

	2012 £	2011 £
Ordinary shares of £1 each fully paid and issued at beginning of year	**36**	39
Shares issued during year	**-**	7
Shares cancelled during year	**(4)**	(10)
	32	36

Notes *(continued)*

19. Designated reserves – Group and Association.

	2012 £'000	2011 £'000
Social Lettings Major Repairs		
Balance brought forward at beginning of year	**8,694**	13,491
Provision for year	-	4,136
Expenditure in year	-	(8,933)
Transfer to I & E Reserve	**(8,694)**	-
Balance carried forward at end of year	-	8,694

20. Reserves

	Note	Group Designated Reserves £'000	Group Income and expenditure account £'000	Association Designated Reserves £'000	Association Income and expenditure account £'000
At 1 April 2011		8,694	24,661	8,694	24,675
Prior year adjustment		-	16,199	-	16,199
At 1 April 2011 as restated		8,694	40,860	8,694	40,874
Surplus for the year		-	4,616	-	4,814
Actual return less expected return on pension scheme assets	*26b*	-	15	-	15
Pension scheme liabilities assumption changes	*26b*	-	(680)	-	(680)
Net transfers from designated reserves		(8,694)	8,694	(8,694)	8,694
At end of year		-	**53,505**	-	**53,717**

21. Capital commitments

	2012 £'000	2011 £'000
Expenditure contracted less amounts certified	**14,932**	281

Notes *(continued)*

22. Lease commitments

At 31 March 2012 the Group and Association had annual commitments under non-cancellable operating leases as follows:

	2012 £'000	2011 £'000
Motor vehicle operating leases which expire:		
Within one year	**27**	44
Between two and five years	**205**	185
	232	229

	2012 £'000	2011 £'000
Land and buildings and office rental leases which expire:		
Within one year	**57**	-
Between two and five years	**49**	115
Over five years	**227**	61
	333	176

23. Housing stock

The numbers of units of housing accommodation under development and in management at 31 March were:

	Units under Development		Units in Management	
	2012 Number	2011 Number	**2012 Number**	2011 Number
Housing accommodation for letting	**255**	51	**10,243**	9,994
Temporary social housing	-	-	**51**	57
Leasehold schemes for the elderly	-	-	**834**	834
Leasehold right to buy	-	-	**61**	47
Shared ownership	**106**	3	**410**	419
Managed for others	-	-	**2**	2
Supported housing (bed spaces)	-	-	**303**	302
Keyworker rented	-	-	**33**	33
Intermediate/sub market rent	-	-	**42**	15
	361	54	**11,979**	11,703

Notes *(continued)*

24. Accommodation Managed by Agents

The Association owns property managed by other bodies, as follows:

Name of Body	31 March 2012 Units	31 March 2011 Units
Richmond Fellowship	6	6
Scope	5	5
Mencap	8	8
Milbury Care Services	9	9
National Autistic Society	10	10
Bedfordshire County Council	17	17
Hampshire County Council	6	6
Turning Point	6	6
Leonard Cheshire	5	5
Papworth Trust	6	6
Together	3	3
Southampton Primary Care Trust	33	30
Chapter 1	4	4
Connections	8	8

25. Association Status

The Association is registered under the Housing Act 1976 with the number L1556 and is wholly engaged in housing activities as defined in the Act. The Association is registered under number 20558R under the Industrial and Provident Societies Act 1965. The Association is registered with charitable rules under the Industrial and Provident Societies Act and as such is exempt from Corporation Tax.

26. (a) Social Housing Pension Scheme

The Association participates in the Social Housing Pension Scheme (SHPS), a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme.
It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. It is not possible to analyse the ongoing funding deficit by individual employer due to the nature of the SHPS Scheme. SHPS is a multi-employer scheme where:

- The assets of the entire SHPS are pooled for investment purposes;
- Benefits are paid from the total scheme assets; and
- The contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience.

As a result of this, it is not possible to breakdown scheme assets by participating employer and accordingly it is not possible to analyse the on-going funding deficit by individual employer.

Accordingly due to the nature of the Plan, the accounting charge for the period under FRS 17 represents the employer contribution payable. The employer contributions over the period were £795,533 *(2011: £768,022)*.

The last formal valuation of the scheme was performed as at 30 September 2008 by a professionally qualified actuary using the projected unit credit method. The market value of the scheme's assets at the latest valuation date was £1,527 million. The valuation revealed a shortfall of assets compared to liabilities of £663 million, equivalent to a past service funding level of 70%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,985 million and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80.0%.

The Scheme's 30 September 2011 valuation is currently in progress and will be finalised by 31 December 2012. The results of the 2011 valuation will be included in next year's Disclosure Note.

Notes *(continued)*

26. (a) Social Housing Pension Scheme *(continued)*

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	% pa
Valuation Discount Rates:	
Pre retirement	7.8
Non Pensioner Post retirement	6.2
Pensioner Post retirement	5.6
Pensionable earnings growth	4.7
Price inflation	3.2
Pension Increases :	
Pre 88 GMP	0.0
Post 88 GMP	2.8
Excess over GMP	3.0

With effect from 1 April 2011 the employer contribution rates for 2011-2012 were 7% (final salary with $1/70^{th}$ accrual rate) or 8.3% (final salary with $1/60^{th}$ accrual rate), the employee contribution rates range from 6.8% to 9.9%. All new staff from 1 April 2011 can only join the SHPS defined contribution scheme. Raglan will match the employees' contribution up to a maximum of 7%.

Following consideration of the results of the actuarial valuation in 2008, it was agreed that the shortfall of £663 million would be recovered by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in line with salary growth assumptions, from 1 April 2010 to 30 September 2020, dropping to 3.1% from October 2020 to 30 September 2023. For Raglan this deficit contribution equated to an annual payment of £380,592.

With effect from 1 April 2011, Raglan has to pay a surcharge calculated at 1.5% of the pensionable earnings of existing defined benefit members. This is due to Raglan closing the Social Housing defined benefit scheme to new staff.

Employers joining the scheme after 1 October 2002, that do not transfer any past service liabilities to the scheme, pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

Raglan offers the Growth Plan as an AVC investment option for Members of the Social Housing Pension Scheme. The Members pay contributions at a rate of their choice. Raglan does not pay any contributions to the Growth Plan.

The rules of the Growth Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

The Trustee commissions an actuarial valuation of the Growth Plan every 3 years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Growth Plan state that the proportion of obligatory contributions to be borne by the Member and the Member's Employer shall be determined by agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.

Notes *(continued)*

26. (b) Dorset County Pension Fund

The Association also participates in the Local Government Scheme run by Dorset County Council as an "Admitted Body". The Scheme is a defined benefits scheme. The latest actuarial valuation was completed as at 31 March 2010 and the figures are based on the actuarial demographic assumptions from that valuation. The contributions paid to the scheme in the accounting period were £79,000 in respect of ordinary contributions.

Assumptions

The major assumptions used by the actuary were as follow:

	31 March 2012	31 March 2011	31 March 2010
RPI increases	3.3%	3.5%	3.9%
Salary increases	4.5%	4.8%	5.4%
Pension increases	2.5%	2.7%	3.9%
Discount rate	4.6%	5.5%	5.5%
CPI increase	2.5%	1.7%	N/A

The discount rate is the yield on the iBoxx AA over 15 year Corporate Bond index as at 31 March 2012.

Mortality Assumption

The table below illustrates the assumed life expectancy in years for pension scheme members from age 65.

Life Expectancy from age 65 (years)

Retiring today	Males	20.0
	Females	24.0
Retiring in 20 years	Males	22.0
	Females	25.9

It is assumed that members will exchange half of their commutable pension for cash at retirement and active members will retire one year later than they are first able to do so without reduction.

Assets and Liabilities

The assets in the Fund and the expected rate of return were:

	Expected Return At		
	1 April 2012	1 April 2011	1 April 2010
Equities	6.3%	7.4%	7.5%
Gilts	3.3%	4.4%	4.5%
Other Bonds	4.7%	5.5%	5.5%
Property	4.3%	5.4%	5.5%
Cash	3.0%	3.0%	3.0%

	Asset Allocation		
	1 April 2012	1 April 2011	1 April 2010
Equities	58%	59%	61%
Gilts	21%	22%	16%
Other Bonds	0%	0%	5%
Property	8%	7%	7%
Cash	8%	6%	6%
Other	5%	6%	5%

Notes *(continued)*

26. (b) Dorset County Pension Fund *(continued)*

Analysis of amount charged to operating surplus

	2012 £'000	2011 £'000
Current service cost	43	67
Past service credit	-	(663)
Settlements/Curtailments	-	33
Total operating charge / (credit)	43	(563)

Analysis of amount charged to other finance costs

	2012 £'000	2011 £'000
Expected return on pension scheme assets	251	244
Interest on pension scheme liabilities	(339)	(389)
Net charge	(88)	(145)

Analysis of amount recognised in statement of total recognised surplus and deficits

	2012 £'000	2011 £'000
Actual return less expected return on pension scheme assets	15	32
Changes in assumption underlying the present value of liabilities	-	798
Experience gains and losses	(680)	(350)
Actuarial (loss) / gain	(665)	480

Movement in scheme

	2012 £'000	2011 £'000
Deficit in scheme at beginning of the year	(2,126)	(3,090)
Movement in year:		
Current Service Costs	(43)	(67)
Contributions	79	66
Past Service credit	-	663
Other finance costs	(88)	(145)
Actuarial (loss) / gain	(665)	480
Settlements/Curtailments	-	(33)
Deficit in scheme at end of year	(2,843)	(2,126)

Notes *(continued)*

26. (b) Dorset County Pension Fund *(continued)*

Net Pension Liability as at	**31 March 2012 £'000**	31 March 2011 £'000
Present Value of Funded Obligation	**7,019**	6,325
Fair Value of Scheme Assets (bid value)	**(4,176)**	(4,199)
Net Liability	**2,843**	2,126
Net Liability in Balance Sheet	**2,843**	2,126

Asset and Benefit Obligation Reconciliation	**Year to 31 March 2012 £'000**	Year to 31 March 2011 £'000
Opening Defined Benefit Obligation	**6,325**	6,789
Service cost	**43**	67
Interest cost	**339**	389
Actuarial losses / (gains)	**680**	(420)
Losses on curtailments	**-**	33
Estimated benefits paid (net of transfers in)	**(382)**	111
Past service credit	**-**	(663)
Contributions by Scheme participants	**14**	19
Closing Defined Benefit Obligation	**7,019**	6,325

Reconciliation of opening and closing balances of the fair value of Scheme assets	**Year to 31 March 2012 £'000**	Year to 31 March 2011 £'000
Opening fair value of Scheme assets	**4,199**	3,699
Expected return on Scheme assets	**251**	244
Actuarial gains (losses)	**15**	60
Contributions by employer	**79**	66
Contribution by Scheme participants	**14**	19
Estimated benefits paid (net of transfers in)	**(382)**	111
Fair value of Scheme assets at end of period	**4,176**	**4,199**

Notes *(continued)*

26. (b) Dorset County Pension Fund *(continued)*

Projected Pension Expense for the Year to 31 March 2013

	Year to 31 March 2013 £'000
Service cost	51
Interest cost	316
Return on assets	(208)
Total	159

Employer Contributions

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised surpluses and deficits since 2002 is a loss of £2,897,000 *(2011:£2,232,000)*.

27. Related parties

The Quay Foyer Charitable Trust was established to receive and disburse donations and grants received, towards the Quay Foyer Project. Of the five trustees, two are officers of the Association. All transactions are on an arm's length basis. During the year ended 31 March 2012, transactions to the value of £114,402 were made between the two parties. At 31 March 2012 Raglan had a debtor of £44,606 in respect of the Quay Foyer Charitable Trust. No debts were written off in 2011/12.

The Board has tenant members who hold tenancy agreements on normal terms and cannot use their position to their advantage.

Tenant Members:

M Brown
J Weston
K Goldsworthy

There were no other transactions during the year that would have required disclosure under FRS 8 "Related Party Disclosures".

The Association has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group.

VALUATION REPORT

The following valuation report (the **Valuation Report**) relates to the properties which will be charged in favour of the Issuer and the Security Trustee on the Closing Date (such Properties, the **Initial Properties**) and which will be allocated to secure the Bonds together with the Retained Proceeds.

The Valuation Report was prepared by Jones Lang LaSalle Limited, Registered Chartered Surveyors, of 30 Warwick Street, London, W1B 5NH (the **Valuer**). The Valuation Report is included in this Prospectus, in the form and context in which it is included, with the consent of the Valuer and the Valuer has authorised the contents of this section.

The Valuer does not have a material interest in the Issuer, the Original Borrower or Raglan Homes.

Summary of valuations

A summary of the values of the Initial Properties set out in the Valuation Report is set out below:

EUV-SH or, where appropriate, MV-ST				**Total**
Units	EUV-SH is appropriate	Units	MV-ST is appropriate	
No.	£	No.	£	£
90	£3,610,000	253	£19,940,000	**£23,550,000**

Jones Lang LaSalle

Real value in a changing world

Valuation *Advisory*

Valuation of 348 Affordable Housing Units Owned by Raglan Housing Association Limited

Loan Security Purposes

18 September 2012

JONES LANG LASALLE®

30 Warwick Street, London W1B
tel +44 (0) 20 7493 4933

www.joneslanglasalle.co.uk

Prudential Trustee Company Limited (in its capacity as Security Trustee and Bond Trustee)
Laurence Pountney Hill
London, EC4R 0HH

Canaccord Genuity Limited as Arranger
88 Wood Street
London, EC2V 7QR

Raglan Finance plc as Issuer
Raglan Housing Association Limited as Borrower
Suite C, Lancaster House
Grange Business Park
Enderby Road
Whetstone
Leicester LE8 6EP

FAO: John Bruton

Your ref
Our ref RXP/MN/
Direct line 020 7087 5973
Direct fax 020 7087 5291
mark.nevett@eu.jll.com

18 September 2012

Dear Sirs

Raglan Housing Association Limited: Valuation of 348 units relating to the issue of £100,000,000 5.034 per cent. Secured Bonds due 2042 (the "Bonds")

We are pleased to attach our Report in connection with the above.

This Report is issued for the benefit and use of the addressees and for inclusion in the Prospectus for the Bonds to be issued by Raglan Finance plc (the "Issuer") and may only be used in connection with the transaction referred to in this Report and for the purposes of the Prospectus.

We hereby give consent to the publication of this Report within the Prospectus and accept responsibility for the information contained in this Report.

To the best of our knowledge (having taken all reasonable care to ensure that such is the case) the information given in this Report is in accordance with the facts and does not omit anything likely to affect the import of such information.

Before the Report or any part of it is reproduced or referred to in any document, circular or statement (other than the Prospectus in respect of the Bonds to be issued by Raglan Finance plc), our written approval as to the form and context of such publication must be obtained.

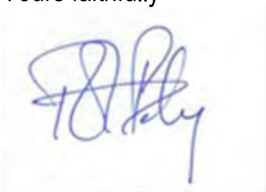
Jones Lang LaSalle®

30 Warwick Street, London W1B
tel +44 (0) 20 7493 4933

www.joneslanglasalle.co.uk

If you have any questions about this Report, or require further information, please contact Mark Nevett.

Yours faithfully



Richard Petty
Director

T 020 7087 5971 (Direct)
M 07767 413 631 (Mobile)
richard.petty@eu.jll.com

Executive Summary

This summary should be read in conjunction with the main body of our report. Section numbers are supplied where relevant.

Introduction

The date of this report is 18 September 2012.

Jones Lang LaSalle has been instructed to a value a portfolio of 348 properties for loan security purposes which are to be charged in favour of the Security Trustee for itself and, amongst others, the Issuer. The portfolio is broken down as follows (section 3):

- 90 general needs and sheltered units which have been valued on the basis of EUV-SH;
- 253 general needs and sheltered units which have been valued on the basis of MV-T; and
- 5 garages that have been included at nil value.

This Report addresses those units which carry a value for the purpose of this exercise and consequently refers to the valuation of 343 units. However, a schedule of all 348 properties is included in Appendix 2.

We have inspected the exterior of all units in the portfolio, and have seen a representative sample internally (section 3).

Valuations

The Valuation Date is 18 September 2012.

Our opinions of value, expressed in aggregate, are as follows (section 6):

Category	Basis of Valuation	Valuation
90 restricted units	EUV-SH	£3,610,000
253 restricted units	MV-T	£19,940,000
All units	EUV-SH	£14,490,000
All units	MV-VP	£41.4m

We confirm that, in our opinion, should the Security Trustee become a mortgagee in possession of this portfolio of properties, then it would be possible to achieve a sale of the residential properties either to another Registered Provider of Social Housing (RP) that would be at a price at least equivalent to our valuation on the basis of EUV-SH, or, in principle, to a private purchaser at a price equivalent to our valuation on the basis of MV-T.

Stock

The stock being valued (i.e. not including the units valued at nil) is summarised as follows:

Property Type	Count
1 bed bungalow	16
2 bed bungalow	17
1 bed flat	134
2 bed flat	32
3 bed flat	1
1 bed house	8
2 bed house	46
3 bed house	81
4+ bed house	8

Assumptions:

A summary of our assumptions is provided in the tables below:

Assumption	EUV-SH	MV-T
Discount rate (income)	6%	7.75%
Discount rate (sales)	N/A	9.75%
Sales rate (houses)	N/A	5%
Sales rate (flats)	N/A	6%
Management costs	£550	10% of income
Total repairs costs	**£1,100 (year 1)**	**£2,000 (year 1)**

This summary should be read in conjunction with the remainder of the valuation report and must not be relied upon in isolation.

Contents

Appendices

1 Introduction

1.1 Background

1.1.1 Raglan Housing Association Limited (hereafter "Raglan") has instructed Jones Lang LaSalle ("JLL") to prepare a valuation of 348 properties owned by it ("the Portfolio").

1.1.2 We understand that Bonds to be issued by the Issuer will be secured by the Portfolio. The Prudential Trustee Company Limited will act as the Security Trustee in respect of this security on behalf of the Beneficiaries, including the Issuer. This valuation is required to assess the level of security which the Portfolio provides.

1.1.3 This Report has been prepared by Mark Nevett MRICS (Valuer Number 1197767) under the supervision of Richard Petty MRICS (Valuer number: #0089005), Head of Affordable Housing and a Director of JLL.

1.1.4 Our valuations have been prepared in accordance with Royal Institution of Chartered Surveyors' RICS Valuation - Professional Standards, March 2012 (commonly known as the "Red Book").

1.1.5 The date of valuation is 18 September 2012.

1.1.6 We can confirm that no conflict of interest has occurred as a result of our production of this Report.

1.1.7 For the avoidance of doubt, we confirm that it would not be appropriate or possible to compare this valuation with any values appearing in Raglan's accounts. This Report has been prepared in accordance with the Red Book. The valuations are prepared on this basis so that we can determine the value recoverable if the charges over the properties were enforced at the date of this Report. We understand that values given in Raglan's accounts are prepared on a historic cost basis which considers how much the properties have cost and will continue to cost Raglan. This is an entirely different basis of valuation from that used for loan security purposes.

1.2 Instructions

Our Report is prepared in accordance with Raglan's formal instructions, a copy of which is attached as Appendix 1 to this Report.

1.2.1 We have been instructed to prepare our valuations on the following bases:

- Existing Use Value for Social Housing ("EUV-SH"); and
- Market Value subject to existing Tenancies ("MV-T").

1.2.2 We have valued the Portfolio on these bases, unless otherwise stated in this Report. In addition, and for guidance only (and specifically not to be relied on or represented for any purpose connected with loan security or similar purposes), we are instructed to provide our opinion of value on the basis of Market Value assuming Vacant Possession (MV-VP).

1.3 Compliance

1.3.1 This valuation qualifies as a Regulated Purpose Valuation ("RPV") as defined by the Red Book. A RPV is a valuation which is intended for the information of third parties in addition to the addressees. It is a requirement of UKVS 4.3 of the Red Book in relation to disclosures that we declare our prior involvement with Raglan, or the properties being valued, to ensure that there is no conflict of interest.

1.3.2 We confirm that the total fee income earned from Raglan is substantially less than 5% of the fee income earned by JLL in our last financial year (ending 31 December 2011) and that we do not anticipate this situation changing in the foreseeable future.

1.4 Status of Valuer

1.4.1 In preparing this Report, we confirm that JLL is acting as an external valuer as defined in the Red Book. We can also confirm that we consider ourselves to be independent for the purposes of this instruction.

1.4.2 In accordance with RICS guidance, and our own rotation policy, we recommend that a rotation of overall responsibility is considered no later than the end of 2019.

1.5 Portfolio

1.5.1 The Portfolio comprises the following properties as described in section 3, schedules of which form Appendix 2:

- 90 General Needs and Sheltered Units which have been valued on the basis of EUV-SH;
- 253 General Needs and Sheltered Units which have been valued on the basis of MV-T; and
- 5 garages that have been included at nil value.

1.5.2 Please note that the latter have not been included in any further statistics or units counts in this report and consequently the valuation and summaries included hereafter refer to the 343 units being valued.

1.6 Affordable Rent

1.6.1 As you will know, the Affordable Rent framework has been introduced by the Government and Homes and Communities Agency in an effort to improve delivery of affordable housing whilst reducing grant subsidy from the public purse. This model provides Registered Providers (“RPs”) with more flexibility in the length of tenancies issued, and the level of rent which they charge to tenants. The contracts allow RPs to let properties at a level of up to 80% of Market Rent inclusive of service charge (although the actual level is different in each contract and there are substantial regional variations).

1.6.2 However, the investment contracts are individual to each RP and the terms therein will not be bound to the land or title. Nor will the details of the contracts be disclosed to the market. This has ramifications for the value of properties which are owned by RPs because it follows that, in a bidding situation, the value which the vendor could achieve when selling a Portfolio will be related to the rent level which the eventual purchaser could charge future tenants, rather than the level set out in the vendor’s contract.

1.6.3 This introduces uncertainty in the assumptions which we make about the rental income which could be realised in the future after a hypothetical transfer of stock (the concept upon which all valuations are based). Funders are very wary about lending money against security with such valuations attributed to them and, in light of this and in accordance with our instructions, we have valued the Portfolio on the assumption that the properties are never let on Affordable Rents. We have assumed that the Portfolio is rented in line with the Rent Influencing Regime into perpetuity, with no uplift in value which could be achieved by virtue of the adoption of Affordable Rents.

1.6.4 Our Report now follows and is divided into five main parts:

- Methodology;
- Commentaries;
- Valuation;
- Bases of Valuation; and
- Sources and Verification of Information.

2 Methodology

2.1 Valuation Model

2.1.1 We have undertaken our valuation of the housing stock using fully explicit discounted cashflow models, over a 50-year period, with the net income in the final year capitalised into perpetuity. Cashflow Summaries are included as Appendix 3 to this report.

2.1.2 Against the income receivable for the Portfolio, we have made allowances for voids and bad debts; the costs of management and administration; major repairs; cyclical maintenance; day-to-day repairs; and for future staircasing (where applicable). We have assumed an appropriate level of future growth in these costs (expenditure inflation).

2.1.3 We have then discounted the resulting net income stream at an appropriate rate which reflects our judgement of the overall level of risk associated with the long term income. A more detailed explanation of the discount rate is included in section 4.

2.2 Information Provided

2.2.1 The principal source of background data for the Portfolio has been the rent roll for each property provided by Raglan. This detailed the number and type of units, the rent payable, and equity retained by the association (where applicable).

2.2.2 This information was supplemented with our market research and other data we have gathered from similar instructions undertaken recently and involving comparable stock.

2.2.3 From these sources we have collated information on the following:

- Rents;
- Bad debts, voids and arrears;
- Cost of maintenance and repairs; and
- Management and administration expenses.

2.2.4 A location plan of the Portfolio is provided as Appendix 4.

2.3 Inspections

2.3.1 In accordance with our instructions, we have inspected all schemes externally and a representative sample of the stock was inspected internally as part of this exercise. Our inspections were carried out between 20 and 31 August 2012.

2.3.2 We derived our inspections strategy by giving full regard to:

- the geographical spread of the stock;
- the concentration (and thereby its exposure to risk); and
- the property types.

2.3.3 We have satisfied ourselves as to the quality of location and the general condition and level of fixtures and fittings provided to the properties, and we have derived our valuation assumptions accordingly.

2.3.4 A representative selection of photographs is provided as Appendix 5.

2.4 Market Research

2.4.1 In arriving at our valuation, we have undertaken a comprehensive programme of research to supplement our knowledge and understanding of the Portfolio. This has included:

- Researching local vacant possession values through conversations with local estate agents together with internet research and using Hometrack, a bespoke tool for comparable evidence;
- Examining local benchmark affordable rents and comparing these with Raglan's rents; and
- Analysing data provided by Raglan.

3 General Commentary

3.1.1 Schedules summarising the following data for each property within the Portfolio form Appendix 2 of this Report:

- Address;
- Unit Type;
- Equity retained; and
- Gross weekly and annual rent.

3.2 Property Types

3.2.1 The Portfolio being valued (i.e. not including the units valued at nil) comprises rented units and has been broken down as follows:

Beds	Bungalow	Flat	House	Total	Percentage
1	16	134	8	158	46%
2	17	32	46	95	28%
3		1	81	82	24%
4+			8	8	2%
Total	33	167	143	343	
Percentage	10%	49%	42%		

3.2.2 All the properties are self-contained (i.e. having independent kitchens, bathrooms, living-rooms and bedrooms), and physically suitable for open market letting and sales, notwithstanding any use class restrictions.

3.3 Condition

3.3.1 We have not carried out a condition survey, this being outside the scope of our instructions.

3.3.2 The properties in the Portfolio are a mixture of ages. Based on our inspections, we are satisfied that the properties we inspected internally, are being maintained to an acceptable social housing standard, in line with regulatory requirements and commensurate with the likely demands of the target tenant group.

3.3.3 Overall we have assumed that each property has a useful economic life of 50 years providing short term compliance with Decent Homes Standards and, beyond that period, that the properties continue to be properly maintained in the future.

3.4 Caveats and Disclaimers

3.4.1 Unless otherwise stated in this report, in carrying out our valuations we have made assumptions relating to the following factors which are either beyond the remit of our instructions, or for which we have not received information:

- Ground Condition;

- Environmental considerations;
- Planning;
- Tenure;
- Titles; and
- Nominations agreements.

3.4.2 These factors are discussed in Section 9.

4 Valuation Commentary (EUV-SH)

4.1.1 There are 90 units in the Portfolio which have been valued on the basis of EUV-SH because of restrictions on the tittle as set out in the certificate of title.

4.2 Rental Income

4.2.1 From the information provided by Raglan, we have calculated that the average gross weekly rent receivable from the general needs and sheltered stock are as set out in the table below. All rents are expressed on the basis of 52 rent weeks per annum.

Category	Rent-per-week
Secure GN Flats	£68.16
Assured GN Houses	£92.77
Assured GN Flats	£78.34
Overall Average	**£83.07**

4.2.2 We are unable to verify the accuracy of the rent roll provided to us by Raglan.

4.2.3 The table below sets out a comparison of Raglan's average rents with the Tenant Services Authority Continuous Recording System (CORE) data for all general needs lettings in the South East of England for Quarter Q1 (April to June 2012), the latest figures available. The CORE data does not provide a separate analysis for flats and houses, and the figures shown are therefore averages across both property types. All rents are shown on the basis of 52 weeks.

Property Size (Bedrooms)	CORE (South East)	Raglan's Stock
1	£83.43	£76.33
2	£99.23	£89.36
3+	£115.23	£103.70

4.2.4 These figures offer some comfort as it shows that Raglan's average rents are below the average affordable rents provided in the CORE data, and accordingly should not restrict rental growth in the near future.

4.3 Rental Growth

4.3.1 As Raglan will be aware, the Homes and Communities Agency (HCA), formerly the Housing Corporation and then the TSA, requires RPs to restructure their rents from current levels to target rents by 2012. Moreover, rent restructuring is to be carried out within the parameters of RPI plus 0.5%, plus or minus £2 per week, until target rents are reached. Thereafter, the normal maximum permissible growth is RPI plus 0.5%.

4.3.2 In our valuation models, we have used the target rents for each property as provided by Raglan. We have then modelled growth in the average target rent over the remaining period to 31 March 2012 or beyond if necessary, and derived from this an average growth rate to be applied for current rents to reach target rents within that period and within the permitted 5% tolerance.

4.3.3 Our valuations take into account the latest guidance on target rent caps from the Tenant Services Authority in the publication titled "Rents, rent differentials and service charges for housing associations 2012-13."

4.3.4 On this basis we have assumed that rents grow in line with calculated real rates as shown in the table below, and thereafter at RPI plus 0.5% per annum, in accordance with the Rent Influencing Regime.

Property Type	Restructuring Period	Growth Rate
Secure Flats	1 years	0.4%
Assured Houses	1 years	2.1%
Assured Flats	5 years	-2.1%

4.4 Outgoings

4.4.1 In forming and opinion of the net rental income the Portfolio will generate we have considered the following outgoings:

- Bad debts and voids;
- Management costs; and
- Repair and maintenance costs.

4.4.2 The assumptions we have made in our appraisals reflect our opinion of the view the market would adopt on the future performance of the Portfolio. In forming our opinion, we have had regard to other recent valuations we have undertaken of comparable stock.

4.4.3 We emphasise that, under the definitions of the bases of valuation we have been instructed to adopt, we are not valuing Raglan's stewardship of the stock – rather, we are assessing what a hypothetical purchaser in the market would pay for the stock, based on the market's judgement of the capabilities of the Portfolio.

4.5 Bad Debts and Voids

4.5.1 We have incorporated into our valuation the potential for future voids and bad debts. The rate applied is similar to allowances used by other RPs providing a management and maintenance service in the areas where the properties are situated.

4.5.2 Any loss of income for void properties is reflected in a deduction made from the gross rental income. Similarly we have also made an allowance for bad debts.

4.5.3 In our EUV-SH valuation we have adopted a rate for bad debts and voids of 2% of gross income for the Portfolio.

4.6 Management Costs

4.6.1 We have adopted rates for management and administration in our valuation for each region. This is based on our experience of other RPs operating in similar areas to Raglan. Our rates are subject to an annual inflator of 1.0% over inflation for the duration of the cashflow reflecting long-term earnings, growth predictions and potential management savings. We have adopted a rate £550 per unit for management and administration in our valuation on the basis of EUV-SH.

4.7 Repairs and Maintenance

4.7.1 Although the properties are generally in good condition, renewal, day-to-day and cyclical maintenance will all be required to keep the stock in its present condition.

4.7.2 The following table sets out the various assumptions we have made in our cashflows. Our appraisals assume that these costs per unit will inflate by 1.0% in real terms each year.

Category of Expenditure	EUV-SH
Major repairs and renewals – Year 1	£550
Cyclical repairs – Year 1	£300
Day-to-day repairs	£250
Total	£1,100

4.8 Relet and Sales Rates

4.8.1 In our valuations, we have sought to strike a balance between Raglan's recent experience and what we expect to be long-term sustainable rates of re-letting over the 50 years of our cashflow models. We have therefore adopted rates of 3% for the houses and 5% for the flats.

4.8.2 The frequency of Right-To-Buy sales (RTBs) has declined over the last few years as house prices have become less affordable. It is imprudent to include capital receipts from sales in an existing use valuation. In light of this, we have not included any right to buy sales in the valuation.

4.9 Discount Rate

4.9.1 Our cashflow valuations are based on constant prices and therefore explicitly exclude inflation. The chosen discount rate reflects our judgement of the economic conditions at the time of the valuation and the level of risk involved in each cashflow, taking all factors and assumptions into account. To determine the risk involved we have looked at:

- The sustainability of the existing rental income;
- The likely rate of future rental growth;
- The condition of the Portfolio;
- The level of outgoings required to maintain the maximum income stream;
- The likely performance of the Portfolio in relation to its profile and location;
- The real cost of borrowing; and
- The long-term rate of gilts.

4.9.2 For our EUV-SH valuation we have adopted a discount rate of 6.0% on net rental income.

5 Valuation Commentary (MV-T)

5.1.1 There are 253 units in the Portfolio which we have valued on the basis of MV-T. We confirm that we have reviewed certificates of title relating to the properties and that there is nothing contained therein which would prevent us from valuing on this basis.

5.2 Tenancies

5.2.1 The majority of the properties (90%) are let on assured tenancies. We have assumed that these are ‘standard’ assured tenancies although we have not seen example tenancy agreements. The remaining 25 units are let on secure tenancies.

5.3 Rental Income

5.3.1 The total gross rent receivable from the general needs Portfolio amounts to £1,009,234 per annum (based on a 52-week year). A breakdown per property is included within the schedule at Appendix 2. The average gross weekly rents are set out in the table below.

5.3.2 We are unable to verify the accuracy of the rent roll provided to us by Raglan.

5.4 MV-T – Rental Growth

5.4.1 Passing rents are currently below market levels, resulting in good prospects for future rental growth when considering the market value of the Portfolio.

5.4.2 We have assumed that it will take approximately 3 years for assured rents to increase to market levels and thereafter for rents to rise at RPI plus 1% per annum. The average increase we have modelled is 26.1% per year for houses and 17.4% per year for flats.

5.5 Outgoings

5.5.1 In forming our opinion of the net rental income the Portfolio will generate we have considered the following outgoings:

- Bad debts and voids;
- Management costs; and
- Repair and maintenance costs.

5.5.2 We emphasise that, under the definitions of the bases of valuation we have been instructed to adopt, we are not valuing Raglans’ stewardship of the stock – rather we are assessing what a hypothetical purchaser in the market would pay for the stock, based on the market’s judgement of the capabilities of the Portfolio.

5.5.3 The assumptions we have made in our appraisal reflect our opinion of the view the market would adopt on the future performance of the Portfolio. In forming our opinion, we have had regard to other recent valuations we have undertaken of comparable stock.

5.6 Bad Debts and Voids

5.6.1 We have incorporated into our valuation the potential for future voids and bad debts. The rate applied is similar to allowances used by other RPs providing a management and maintenance service in the areas where the properties are situated.

5.6.2 Any loss of income for void properties is reflected in a deduction made from the gross rental income. Similarly we have also made an allowance for bad debts.

5.6.3 In our MV-T valuation, we have adopted a rate of 9% of gross income for the first 3 years of our MV-T cashflow, 6% in years 4 and 5 and 4% in all years thereafter.

5.6.4 This is because we are assuming greater increases in rents than a social landlord would impose. In our opinion, these rent increases would inevitably be reflected in a higher level of voids and bad debts than would otherwise be the case. The associated risk has been factored into our MV-T discount rate.

5.7 Management Costs

5.7.1 We have adopted rates for management and administration, based on our experience of what other private landlords operating in similar areas to Raglan would expect to spend on management. We have assumed that a mortgagee in possession would expect to spend 10% of rental income on management and administration in our valuation on the basis of MV-T.

5.8 Repairs and Maintenance

5.8.1 Although the majority of the properties are generally in a reasonable or good condition, renewal, day-to-day and cyclical maintenance will all be required to keep the stock in its present condition.

5.8.2 The following table sets out the various assumptions we have made in our cashflows. All assumptions are subject to annual cost inflation of 1.0% in real terms.

Category of Expenditure	MV-T
Major repairs and renewals – Year 1	£1,500
Cyclical repairs – Year 1	£275
Day-to-day repairs	£225
Total	**£2,000**

5.8.3 We have adopted higher costs for major repairs in the first 2 years of our MV-T model as some of the properties will require refurbishment and redecoration in order to attract buyers or to be let on the open market. After this initial period, our costs settle to a lower level as shown below:

Years	Major Repairs Costs
Years 1-2	£1,500
Years 3-5	£500
Years 6-10	£550
Years 11-15	£575

Years	Major Repairs Costs
Years 16-20	£600
Years 21-25+	£625
Year 26+	£650

5.9 Relet and Sales Rates

5.9.1 In our MV-T cashflows we have assumed that some of the units which become void are sold on the open market and have included sales rates of 5% per annum for houses and 6% per annum for flats. That rate equates to the sale of 13 units per year (in 16 postcode sectors) for the first 3 years, declining thereafter.

5.10 Discount Rate

5.10.1 In our MV-T model we have adopted a higher rate on rental income to reflect additional risk resulting from the significant rental growth that we have assumed during the first 3 years. In addition, we have adopted a higher rate on income from sales to reflect the additional premium on the yield which an investor would expect from a sales income stream.

5.10.2 We have adopted discount rates of 7.75% (rental income), and 9.75% (sales) for our MV-T cashflow.

5.11 Market Value subject to Vacant Possession (MV-VP)

5.11.1 We have undertaken research into MV-VPs in locations covered by the Portfolio. We have assessed the average value of dwellings on a property by property basis. The values adopted are based on comparable research and reflect the diversity of the stock and the different areas.

5.11.2 The average MV-VP in the Portfolio is £126,500.

5.12 House Price Growth

5.12.1 Our model assumes house price growth of 0% (real) for years 1-3 and long term house price growth (real) of 1% per annum. We have applied these rates of growth in all our valuation models.

6 Valuation

6.1.1 We have prepared our valuations on the following bases:

- Existing Use Value for Social Housing ("EUV-SH"); and
- Market Value subject to existing Tenancies ("MV-T").

6.1.2 We have also provided an aggregate valuation of the Portfolio on the basis of Market Value assuming Vacant Possession (MV-VP) for indicative purposes only.

6.1.3 Our valuations have been prepared in accordance with the Royal Institution of Chartered Surveyors' RICS Valuation - Professional Standards, March 2012 (commonly known as the "Red Book").

6.1.4 Apportionments of the valuations have been calculated and are included in the schedules at Appendix 2. These are not valuations of the individual properties, and should not be relied upon or treated as such.

6.1.5 The valuations below represent our opinion of the Portfolio as a whole. It is important to note that a prospective purchaser would seek a discount to reflect the quantity of the properties concerned. Conversely, there is also potential for additional value being added to the Portfolio if it were to be broken up and sold piecemeal. We stress that, in forming our opinion of the value of the Portfolio as a whole, we have neither applied a discount for quantum nor added a premium to reflect break-up potential.

6.1.6 The definitions of the bases of valuation are set out in full in section 10 of this Report.

6.2 Opinions of Value

6.2.1 Our opinion of value of the 90 restricted units, in aggregate, on the basis of EUV-SH is:

£3,610,000
(three million, six hundred and ten thousand pounds)

6.2.2 Our opinion of value of the 253 unrestricted units, in aggregate, on the basis of MV-T is:

£19,940,000
(nineteen million, nine hundred and forty thousand pounds)

6.3 Whole Portfolio

6.3.1 Our opinion of value of the 343 units, in aggregate, on the basis of EUV-SH is:

£14,490,000
(fourteen million, four hundred and ninety thousand pounds)

6.3.2 Our indication of the MV-VP of the Portfolio is **£41.4 million.**

6.3.3 A breakdown of valuations of the properties by property category (general needs, shared ownership etc.) is included in Appendix I.

6.4 Suitability as Security

6.4.1 Your instructions require us to comment on whether the properties we have valued provide adequate security in respect of the Bonds.

6.4.2 It is difficult for any valuer, without being asked to consider a specific credit or risk assessment policy, to make an absolute, unqualified statement that those assets will provide suitable security because our instructions do not explain what criteria the Security Trustee is applying in making this assessment.

6.4.3 However we confirm that, in our opinion, should the Security Trustee become a mortgagee in possession of this Portfolio of properties, then it would be possible to achieve a sale to another RP that would be at a price at least equivalent to our valuation on the basis of EUV-SH or, in principle, to a private purchaser at a price equivalent to our valuation on the basis of MV-T as set out in our Report. However, the valuation assumes implicitly that a purchaser could obtain debt finance on commercially viable terms to facilitate a purchase of the Portfolio.

6.4.4 Furthermore, we have identified the following attributes of the Portfolio which should assist the Security Trustee in its assessment:

- given the divergence between property prices and local average earnings, demand for these properties should be sustainable in the medium to long term;
- the level of rental income for all areas is broadly in line with other RPs in the respective areas;
- the level of rental income is, in aggregate, below the Local Reference Rents for each region;
- The EUV-SH and MV-T values per unit and percentage relationships to MV-VP, are at levels appropriate to the current climate, having regard to the Portfolio's location and composition; and
- we have made conservative assumptions with regard to the respective rent and sales contributions to the valuations of the shared ownership units and they are not overly dependent on proceeds from sales.

6.4.5 With the above factors in mind, and with specific regard to the continuing need for well-maintained social housing accommodation, we believe it reasonable to conclude an acceptable demand for a Portfolio of this nature from commensurate social housing landlords and private institutional investment firms.

6.4.6 Subject to the information presented within this Report, and at the values formally reported, we are satisfied to recommend to the Security Trustee that this Portfolio is suitable for security purposes.

7 Bases of Valuation

7.1.1 As stated in paragraph 6.1.3, our valuations have been prepared in accordance with the Red Book.

7.2 Existing Use Value for Social Housing

7.2.1 The basis of Existing Use Value for Social Housing is defined in UKVS 1.13 of the Red Book as follows:

"Existing use value for social housing (EUV-SH) is the estimated amount for which a property should exchange on the valuation date, between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion - subject to the following special assumptions that:

- *the property will continue to be let by a body pursuant to delivery of a service for the existing use;*
- *At the valuation date any regulatory body, in applying its criteria for approval, would not unreasonably fetter the vendor's ability to dispose of the property to organisation intending to manage their housing stock in accordance with that regulatory body's requirements;*
- *Properties temporarily vacant pending re-letting would be valued, if there is a letting demand, on the basis that the prospective purchaser intends to re-let them, rather than with vacant possession; and*
- *Any subsequent sales would be subject to all of the above special assumptions."*

7.3 Market Value

7.3.1 The basis of Market Value is defined in VS3.2 of the Red Book as follows:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

7.3.2 Market Value subject to Tenancies is in accordance with the above definition, with the addition of the point below:

"That the properties would be subject to any secure or assured tenancies that may prevail, together with any other conditions or restrictions to which property may be subject."

7.4 Expenses

7.4.1 No allowance is made in our valuations for any expenses of realisation.

7.5 Tax

7.5.1 No allowance is made in our valuations for any liability for payment of Corporation Tax, or for any liability for Capital Gains Tax, whether existing or which may arise in the future.

7.6 VAT

Our valuations are exclusive of VAT on disposal.

8 Market Commentary

8.1 UK Housing Market Overview

8.1.1 The UK housing market is entering a crucial stage. While the housing market has proved quite resilient and conditions have improved in recent months, a combination of economic, consumer sentiment and housing concerns suggest that the recent residential market rally is likely to come under heavy challenge.

8.1.2 However, the UK housing market has certainly improved in recent months. Transaction levels, mortgage lending and house price growth have all moved higher. The market was more active in March when a greater number of purchasers bought before the closing of the first-time-buyer stamp duty holiday on purchases below £250,000 but activity levels have been robust in the few months since and are notably higher than at the same time a year earlier.

8.1.3 House prices have increased in most regions during the first five or six months of 2012. They are notably higher in London, slightly higher in southern regions and either similar or slightly lower in midland and northern locations. An improving trend, however, is evident across almost all regions.

8.1.4 The development market has been quite stable during the past two years although housing starts slowed from the circa 110,000 pa we have seen during this time down to 105,000 pa in Q1 2012.

8.1.5 A little worrying is that there are some very early signs, mainly from survey based sources, that conditions may be starting to weaken. The RICS Housing Market Survey suggests that more surveyors are now seeing house prices fall and that the number of sales per month is also slowing while the latest CML data indicates that June mortgage lending slowed slightly.

8.1.6 Couple these trends with weakening UK economic news, further Eurozone worries and diminishing consumer confidence and the outlook for the residential market looks more uncertain. A number of estate agents have suggested that the quieter summer trading season has not only arrived early but with distracting events such as the Olympics activity could be even slower than usual.

9 Sources and Verification of Information

9.1 General

9.1.1 We have relied upon the property descriptions provided to us by Raglan and have verified their accuracy where we have inspected properties internally.

9.1.2 We have also relied upon the tenancy types and current rental income for each unit as provided. We have not audited the rent roll, nor have we been able to verify the accuracy of the data. However, we consider that the general rent levels in the Portfolio to be reasonable in the context of affordable housing and we have relied on the information provided as being current and accurate.

9.2 Tenure

9.2.1 Raglan holds a freehold interest or long leasehold interest with not less than 80 years unexpired in respect of its properties, unless otherwise stated in this Report. We confirm that there will be no material difference in the MV-T and EUV-SH cashflow valuations between these two holding interests and we do not therefore feel that separate summaries are required. This is not in breach of the RICS Valuation Standards.

9.3 Title

9.3.1 We have not carried out our own investigations of title and our valuations have assumed good title, free from onerous covenants and other encumbrances other than as set out in this Report.

9.4 Nomination Agreements

9.4.1 Our valuations are prepared on the basis that there are no nomination agreements. If any nomination rights are found to be in existence, they are assumed not to be binding on a mortgagee in possession unless otherwise stated in this Report.

9.5 Structural Conditions

9.5.1 We have not carried out condition surveys of the properties, this being outside the scope of our instructions. The Portfolio comprises a mixture of modern and older properties. From our inspections these appeared to be well maintained, subject to the usual wear and tear one would expect for properties of these ages.

9.5.2 In our opinion the economic life of each property should comfortably exceed 50 years providing the properties are properly maintained.

9.5.3 We have not carried out a structural survey of the properties, neither have any parts been opened up or examined and those areas which were covered or inaccessible including roofs could not be inspected. No advice can therefore be given with regard to the condition of the property or whether it is free from rot, beetle or other defects.

9.5.4 We have been unable to determine whether wood wool slabs, blue asbestos, calcium chloride or other deleterious materials were used in the construction of these properties and therefore our advice regarding condition is given on the assumption that these materials are not present.

9.6 Ground Conditions

9.6.1 Our valuations are prepared on the assumption that there are no adverse ground conditions affecting any of the properties.

9.6.2 In forming our assessment, we have not carried out our own investigations into the presence or otherwise of contaminative substances, or substances which may give rise to contamination in any form whatsoever. We are unable to guarantee or warrant that the sites are not, nor have ever been, subject to contaminative uses or are not contaminated. These are matters upon which the client, or anyone else relying upon this valuation, must satisfy themselves. However, our valuations are prepared on the assumption that no contaminative substances are present on the sites or nearby.

9.6.3 However, if during the normal course of our business we identified obvious environmental or contaminative issues we would bring these to the Security Trustee's attention. As far as we are aware, no such issues arise in respect of any properties in the Portfolio.

9.7 Planning

9.7.1 We have prepared our valuations on the basis that each property exists in accordance with a valid planning permission.

9.8 Services

9.8.1 None of the mains services have been tested by us.

9.9 Compliance with Building Regulations and Statutory Requirements

9.9.1 We have assumed that the properties conform to the Fire Precaution Regulations and any other statutory requirements.

9.10 Right to Buy (RTB) and Voluntary Purchase Grants

9.10.1 We understand that the tenants of some of the properties within the Portfolio have either the Right to Buy (RTB) or the Right to Acquire (RTA). However, the level and frequency of RTB sales has declined over the last few years as house prices have become less affordable and discounts have been reduced. Whilst we recognise that RTB is just being reformed, the impact of the changes on the number of sales has yet to be seen. We consider it would be imprudent, therefore, to reflect additional value from capital receipts and we have therefore assumed that neither RTB nor RTA will be exercised.

9.10.2 As far as we are aware there are no applications for Voluntary Purchase Grant.

Appendix 1

Letter of Instruction

I0Our ref: Jb/De
Contact tel no: 01189 099259
Your ref:

14 September 2012

Mark Nevett
Associate Director - Affordable Housing
Jones Lang LaSalle
30 Warwick Street
LONDON
W1B 5NH

4

All correspondence to:
Raglan Housing Association Ltd
Suite C Lancaster House
Grange Business Park
Enderby Road
Whetstone
LEICESTER
LE8 6EP

E hsc@raglan.org
www.raglan.org

Dear Mr Nevett

Raglan Housing Association – valuation of unencumbered stock

Further to recent email correspondence, I am writing to confirm your instructions to value and report on a portfolio of stock owned by Raglan Housing Association. The valuation is required for security purposes in connection with a secured bond issue. your report should be addressed to the following – each of which is an "Addressee":

- Raglan Housing Association Limited (as the Borrower);
- Raglan Finance plc (as the Issuer); and
- Prudential Trustee Company Limited (as the Security Agent and the Bond Trustee)

You should be aware that:

- following the valuation, the Prudential or third parties such as the UKLA may raise additional queries;
- the valuation report will be disclosed in the prospectus published by Raglan for the secured bond issue, provided that before the valuation report is so published you will have an opportunity to approve the form and context in which the valuation report will appear;
- the valuation report may be disclosed to any of the Addressee's affiliates, their officers, directors, employees and legal and professional advisors and those of their affiliates. The valuation report may also be disclosed to, but not relied upon by, Standard & Poors (a division of the McGraw Hill Companies Inc.) and Moody's Investors Services Inc;
- Prudential Trustee Company Limited may use and rely upon the valuation report in connection with their role in the secured bond issue. Accordingly, subject to the limitations set out in the valuation report, Prudential Trustee Company Limited shall be owed a duty of care with regard to the valuation report and such duty shall be the same as that owed to Raglan;

X 123

- the valuation report shall confirm that the valuation has been considered by the firm's valuation committee, that the committee has discussed the valuation with the relevant team and is fully satisfied with the report and valuation; and;
- the report must be signed off by at least two valuation partners.

VALUATION BASIS

Your valuation should be carried out in accordance with the current edition of the RICS Valuation Standards ("the Red Book"). The valuation bases required are **Existing Use Value for Social Housing (EUV-SH)** and **Market Value Subject to Tenancies (MV-T)** where definitions as per "the Red Book" are:

<u>Existing Use Value for Social Housing</u>

The basis of Existing Use Value for Social Housing is defined in UKVS 1.13 of the Red Book as follows:

"Existing use value for social housing (EUV-SH) is the estimated amount for which a property should exchange on the valuation date, between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion - subject to the following special assumptions that:

(i) the property will continue to be let by a body pursuant to delivery of a service for the existing use;

(ii) At the valuation date any regulatory body, in applying its criteria for approval, would not unreasonably fetter the vendor's ability to dispose of the property to organisation intending to manage their housing stock in accordance with that regulatory body's requirements;

(iii) Properties temporarily vacant pending re-letting would be valued, if there is a letting demand, on the basis that the prospective purchaser intends to re-let them, rather than with vacant possession; and

(iv) Any subsequent sales would be subject to all of the above special assumptions."

<u>Market Value</u>

The Redbook defines Market Value as follows:

> *"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."*

<u>Market Value (Subject to Tenancies)</u>

Market Value subject to tenancies is not defined in the Red Book but is in accordance with the above definition, with the addition of point below:

that the properties would be subject to any secure or assured tenancies that may prevail, together with any other conditions or restrictions to which the property may be subject.

A schedule of the **348** properties to be valued has already been provided in electronic format. In addition to property address, type and rental date, you have also been provided with the unique property reference numbers (UPRN's) and this reference must be maintained throughout your report.

You will inspect sufficient number of properties you consider appropriate to ensure that it is representative of the whole and you will indicate the basis on which you have selected the sample.

As well as providing a valuation of the total portfolio, you should give an indication of the attributable value per unit. Where voids are shown, you should assume a rent comparable with a similar unit in the same scheme. You should also assume voids will be re-let as opposed to sold.

I would be grateful if you would sign and return one copy of this letter as acceptance of the instruction.

Yours sincerely

John Bruton
Director of Finance

Appendix 2

Property Schedules

Raglan Housing Association
Private Placement 2012
348 units

Category	UPRN	Address 1	Address 2	Address 3	Address 4	Postcode	Property Type	Bedroom Number	Need Category	Tenancy Type	Passing Rent (weekly)	Valuation Basis	Valuation
Restricted	0003044	1 Abbotsbury Court	1 Craig Avenue	Reading	Berkshire	RG30 2PL	Bungalow	2	Wheelchair	Assured	£96.68	EUV-SH	£47,000
Restricted	0003046	2 Abbotsbury Court	1 Craig Avenue	Reading	Berkshire	RG30 2PL	Flat	1	General Needs	Assured	£77.16	EUV-SH	£37,700
Restricted	0003048	3 Abbotsbury Court	1 Craig Avenue	Reading	Berkshire	RG30 2PL	Flat	1	General Needs	Assured	£77.16	EUV-SH	£37,700
Restricted	0003050	4 Abbotsbury Court	1 Craig Avenue	Reading	Berkshire	RG30 2PL	Flat	1	General Needs	Assured	£77.16	EUV-SH	£37,700
Restricted	0003052	5 Abbotsbury Court	1 Craig Avenue	Reading	Berkshire	RG30 2PL	Flat	1	General Needs	Assured	£77.16	EUV-SH	£37,700
Restricted	0003054	6 Abbotsbury Court	1 Craig Avenue	Reading	Berkshire	RG30 2PL	Flat	1	General Needs	Assured	£77.16	EUV-SH	£37,700
Restricted	0003056	7 Abbotsbury Court	1 Craig Avenue	Reading	Berkshire	RG30 2PL	Flat	1	General Needs	Assured	£77.16	EUV-SH	£37,700
Restricted	0003058	8 Abbotsbury Court	1 Craig Avenue	Reading	Berkshire	RG30 2PL	Flat	1	General Needs	Assured	£77.16	EUV-SH	£37,700
Restricted	0003060	9 Abbotsbury Court	1 Craig Avenue	Reading	Berkshire	RG30 2PL	Flat	1	General Needs	Assured	£77.16	EUV-SH	£37,700
Restricted	0003062	10 Abbotsbury Court	1 Craig Avenue	Reading	Berkshire	RG30 2PL	Flat	1	General Needs	Assured	£77.16	EUV-SH	£37,700
Restricted	0001986	1 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0001988	2 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	3	General Needs	Assured	£93.10	EUV-SH	£45,500
Restricted	0001990	3 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0001992	4 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0001994	5 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0001996	6 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0001998	7 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002000	8 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002002	9 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002004	10 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002006	11 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Secure	£77.06	EUV-SH	£32,100
Restricted	0002008	12 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002010	13 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002012	14 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002014	15 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002016	16 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002018	17 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002020	18 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002022	19 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002024	20 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002026	21 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002028	22 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002030	23 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Secure	£68.41	EUV-SH	£28,500
Restricted	0002032	24 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002034	25 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002036	26 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002038	27 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002040	28 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002042	29 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002044	30 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002046	31 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002048	32 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002050	33 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002052	34 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002054	35 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Secure	£67.17	EUV-SH	£28,000
Restricted	0002056	36 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002058	37 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002060	38 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	0002062	39 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300

Raglan Housing Association
Private Placement 2012
348 units

Category	UPRN	Address 1	Address 2	Address 3	Address 4	Postcode	Property Type	Bedroom Number	Need Category	Tenancy Type	Passing Rent (weekly)	Valuation Basis	Valuation
Restricted	0002064	40 Williams Court	24-26 Poole Road	Bournemouth	Dorset	BH4 9DT	Flat	1	Housing for over 55	Assured	£77.07	EUV-SH	£36,300
Restricted	40575001	10 Edinburgh Close		Shortstown	Bedfordshire	MK42 0EN	House	2	General Needs	Assured	£89.25	EUV-SH	£43,700
Restricted	40576001	12 Edinburgh Close		Shortstown	Bedfordshire	MK42 0EN	House	2	General Needs	Assured	£87.57	EUV-SH	£42,800
Restricted	40577001	15 Edinburgh Close		Shortstown	Bedfordshire	MK42 0EN	House	4	General Needs	Assured	£108.31	EUV-SH	£53,000
Restricted	40578001	17 Edinburgh Close		Shortstown	Bedfordshire	MK42 0EN	House	3	General Needs	Assured	£99.48	EUV-SH	£48,700
Restricted	40579001	19 Edinburgh Close		Shortstown	Bedfordshire	MK42 0EN	House	1	General Needs	Assured	£74.15	EUV-SH	£36,300
Restricted	40580001	2 Edinburgh Close		Shortstown	Bedfordshire	MK42 0EN	House	3	General Needs	Assured	£99.48	EUV-SH	£48,700
Restricted	40581001	21 Edinburgh Close		Shortstown	Bedfordshire	MK42 0EN	House	1	General Needs	Assured	£74.15	EUV-SH	£36,300
Restricted	40582001	23 Edinburgh Close		Shortstown	Bedfordshire	MK42 0EN	House	1	General Needs	Assured	£74.15	EUV-SH	£36,300
Restricted	40583001	25 Edinburgh Close		Shortstown	Bedfordshire	MK42 0EN	House	1	General Needs	Assured	£74.15	EUV-SH	£36,300
Restricted	40584001	27 Edinburgh Close		Shortstown	Bedfordshire	MK42 0EN	House	2	General Needs	Assured	£89.77	EUV-SH	£43,900
Restricted	40585001	29 Edinburgh Close		Shortstown	Bedfordshire	MK42 0EN	House	5	General Needs	Assured	£113.30	EUV-SH	£55,400
Restricted	40586001	4 Edinburgh Close		Shortstown	Bedfordshire	MK42 0EN	House	3	General Needs	Assured	£99.48	EUV-SH	£48,700
Restricted	40587001	6 Edinburgh Close		Shortstown	Bedfordshire	MK42 0EN	House	3	General Needs	Assured	£99.48	EUV-SH	£48,700
Restricted	40588001	8 Edinburgh Close		Shortstown	Bedfordshire	MK42 0EN	House	5	General Needs	Assured	£113.30	EUV-SH	£55,400
Restricted	40622001	15 Monmouth Close		Bedford	Bedfordshire	MK42 0EW	House	4	General Needs	Assured	£110.04	EUV-SH	£53,800
Restricted	40623001	17 Monmouth Close		Bedford	Bedfordshire	MK42 0EW	House	2	General Needs	Assured	£89.48	EUV-SH	£43,800
Restricted	40624001	19 Monmouth Close		Bedford	Bedfordshire	MK42 0EW	House	2	General Needs	Assured	£75.79	EUV-SH	£37,000
Restricted	40625001	21 Monmouth Close		Bedford	Bedfordshire	MK42 0EW	House	2	General Needs	Assured	£85.01	EUV-SH	£42,000
Restricted	40626001	23 Monmouth Close		Bedford	Bedfordshire	MK42 0EW	House	5	General Needs	Assured	£113.30	EUV-SH	£55,000
Restricted	40627001	25 Monmouth Close		Bedford	Bedfordshire	MK42 0EW	House	3	General Needs	Assured	£100.15	EUV-SH	£49,000
Restricted	40628001	27 Monmouth Close		Bedford	Bedfordshire	MK42 0EW	House	3	General Needs	Assured	£102.31	EUV-SH	£50,000
Restricted	40629001	31 Monmouth Close		Bedford	Bedfordshire	MK42 0EW	House	2	General Needs	Assured	£85.01	EUV-SH	£42,000
Restricted	40630001	35 Monmouth Close		Bedford	Bedfordshire	MK42 0EW	House	2	General Needs	Assured	£87.57	EUV-SH	£43,000
Restricted	40631001	37 Monmouth Close		Bedford	Bedfordshire	MK42 0EW	House	4	General Needs	Assured	£106.08	EUV-SH	£52,000
Restricted	41976001	33 Monmouth Close		Bedford	Bedfordshire	MK42 0EW	House	2	General Needs	Assured	£85.71	EUV-SH	£42,000
Restricted	42022001	29 Monmouth Close		Bedford	Bedfordshire	MK42 0EW	House	3	General Needs	Assured	£93.88	EUV-SH	£46,000
Restricted	0002885	1 Hardy Cottages	School Lane	West Lulworth	Dorset	BH20 5SA	House	3	General Needs	Assured	£103.82	EUV-SH	£54,000
Restricted	0002887	2 Hardy Cottages	School Lane	West Lulworth	Dorset	BH20 5SA	House	2	General Needs	Assured	£91.91	EUV-SH	£50,000
Restricted	0002889	3 Hardy Cottages	School Lane	West Lulworth	Dorset	BH20 5SA	House	1	General Needs	Assured	£75.74	EUV-SH	£43,000
Restricted	0002891	4 Hardy Cottages	School Lane	West Lulworth	Dorset	BH20 5SA	House	1	General Needs	Assured	£77.18	EUV-SH	£43,000
Restricted	0002893	5 Hardy Cottages	School Lane	West Lulworth	Dorset	BH20 5SA	House	2	General Needs	Assured	£93.86	EUV-SH	£50,000
Restricted	0002895	6 Hardy Cottages	School Lane	West Lulworth	Dorset	BH20 5SA	House	2	General Needs	Assured	£91.91	EUV-SH	£50,000
Restricted	0002827	1 Hall House	Hale Road	Fordingbridge	Hampshire	SP6 2AJ	Flat	1	Housing for over 55	Assured	£80.17	EUV-SH	£39,000
Restricted	0002829	2 Hall House	Hale Road	Fordingbridge	Hampshire	SP6 2AJ	Flat	2	Housing for over 55	Assured	£91.64	EUV-SH	£45,000
Restricted	0002831	3 Hall House	Hale Road	Fordingbridge	Hampshire	SP6 2AJ	Flat	1	Housing for over 55	Assured	£80.17	EUV-SH	£39,000
Restricted	0002833	4 Hall House	Hale Road	Fordingbridge	Hampshire	SP6 2AJ	Flat	1	Housing for over 55	Assured	£80.17	EUV-SH	£39,000
Restricted	0002835	5 Hall House	Hale Road	Fordingbridge	Hampshire	SP6 2AJ	Flat	1	Housing for over 55	Secure	£63.63	EUV-SH	£26,000
Restricted	0002837	6 Hall House	Hale Road	Fordingbridge	Hampshire	SP6 2AJ	Flat	2	Housing for over 55	Assured	£99.23	EUV-SH	£49,000
Restricted	0002839	7 Hall House	Hale Road	Fordingbridge	Hampshire	SP6 2AJ	Flat	1	Housing for over 55	Secure	£64.54	EUV-SH	£27,000
Restricted	0002841	8 Hall House	Hale Road	Fordingbridge	Hampshire	SP6 2AJ	Flat	1	Housing for over 55	Assured	£80.17	EUV-SH	£39,000
Garages	0005319	Garage 1 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Garage		Garages	Assured	£0.00	MV-T	£0
Garages	0005321	Garage 3 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Garage		Garages	Assured	£0.00	MV-T	£0
Garages	0005322	Garage 4 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Garage		Garages	Assured	£0.00	MV-T	£0
Garages	0005323	Garage 5 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Garage		Garages	Assured	£0.00	MV-T	£0
Garages	0005326	Garage 8 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Garage		Garages	Assured	£0.00	MV-T	£0
Unrestricted	0001272	79A Dunstable Street		Ampthill	Bedfordshire	MK45 2NQ	Flat	2	General Needs	Assured	£87.91	MV-T	£82,400
Unrestricted	0001273	79B Dunstable Street		Ampthill	Bedfordshire	MK45 2NQ	Flat	2	General Needs	Secure	£65.07	MV-T	£49,100
Unrestricted	0001266	Flat 1, Leafield Court	Baker Street	Ampthill	Bedfordshire	MK45 2QF	Flat	1	General Needs	Assured	£81.23	MV-T	£73,500

Raglan Housing Association
Private Placement 2012
348 units

Category	UPRN	Address 1	Address 2	Address 3	Address 4	Postcode	Property Type	Bedroom Number	Need Category	Tenancy Type	Passing Rent (weekly)	Valuation Basis	Valuation
Unrestricted	0001267	Flat 2, Leafield Court	Baker Street	Ampthill	Bedfordshire	MK45 2QF	Flat	1	General Needs	Assured	£81.23	MV-T	£73,500
Unrestricted	0001268	Flat 3, Leafield Court	Baker Street	Ampthill	Bedfordshire	MK45 2QF	Flat	1	General Needs	Secure	£58.48	MV-T	£44,200
Unrestricted	0001269	Flat 4, Leafield Court	Baker Street	Ampthill	Bedfordshire	MK45 2QF	Flat	1	General Needs	Assured	£81.23	MV-T	£73,500
Unrestricted	0001270	Flat 5, Leafield Court	Baker Street	Ampthill	Bedfordshire	MK45 2QF	Flat	1	General Needs	Secure	£58.48	MV-T	£44,200
Unrestricted	0001271	Flat 6, Leafield Court	Baker Street	Ampthill	Bedfordshire	MK45 2QF	Flat	1	General Needs	Assured	£81.23	MV-T	£73,500
Unrestricted	0001254	1 Preston Close		Ampthill	Bedfordshire	MK45 2QH	House	3	General Needs	Assured	£110.18	MV-T	£103,200
Unrestricted	0001255	2 Preston Close		Ampthill	Bedfordshire	MK45 2QH	House	3	General Needs	Assured	£112.66	MV-T	£105,600
Unrestricted	0001256	3 Preston Close		Ampthill	Bedfordshire	MK45 2QH	House	3	General Needs	Assured	£110.18	MV-T	£103,200
Unrestricted	0001257	4 Preston Close		Ampthill	Bedfordshire	MK45 2QH	House	3	General Needs	Secure	£71.00	MV-T	£66,000
Unrestricted	0001258	5 Preston Close		Ampthill	Bedfordshire	MK45 2QH	House	3	General Needs	Assured	£112.66	MV-T	£105,600
Unrestricted	0001259	6 Preston Close		Ampthill	Bedfordshire	MK45 2QH	House	3	General Needs	Secure	£71.00	MV-T	£66,000
Unrestricted	0001260	7 Preston Close		Ampthill	Bedfordshire	MK45 2QH	House	3	General Needs	Assured	£112.66	MV-T	£105,600
Unrestricted	0001261	8 Preston Close		Ampthill	Bedfordshire	MK45 2QH	House	3	General Needs	Assured	£112.66	MV-T	£105,600
Unrestricted	0001262	9 Preston Close		Ampthill	Bedfordshire	MK45 2QH	House	3	General Needs	Assured	£110.18	MV-T	£103,200
Unrestricted	0001263	10 Preston Close		Ampthill	Bedfordshire	MK45 2QH	House	3	General Needs	Secure	£71.00	MV-T	£66,000
Unrestricted	0001264	11 Preston Close		Ampthill	Bedfordshire	MK45 2QH	House	3	General Needs	Assured	£110.18	MV-T	£103,200
Unrestricted	0001265	12 Preston Close		Ampthill	Bedfordshire	MK45 2QH	House	3	General Needs	Secure	£71.00	MV-T	£66,000
Unrestricted	0002740	1 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	House	3	General Needs	Secure	£99.72	MV-T	£75,300
Unrestricted	0002742	2 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	House	3	General Needs	Assured	£99.72	MV-T	£93,400
Unrestricted	0002744	3 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	House	3	General Needs	Secure	£99.72	MV-T	£75,300
Unrestricted	0002746	4 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	House	3	General Needs	Secure	£99.72	MV-T	£75,300
Unrestricted	0002748	5 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	Flat	2	Wheelchair	Assured	£83.07	MV-T	£58,000
Unrestricted	0002750	6 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	Flat	2	Housing for over 55	Assured	£83.07	MV-T	£58,000
Unrestricted	0002752	7 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	Flat	2	Housing for over 55	Assured	£83.07	MV-T	£58,000
Unrestricted	0002754	8 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	Flat	2	Housing for over 55	Assured	£83.07	MV-T	£58,000
Unrestricted	0002756	9 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	Flat	2	Housing for over 55	Assured	£83.07	MV-T	£58,000
Unrestricted	0002758	10 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	Flat	2	Housing for over 55	Assured	£83.07	MV-T	£58,000
Unrestricted	0002760	11 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	Flat	2	Wheelchair	Assured	£83.07	MV-T	£58,000
Unrestricted	0002762	12 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	Flat	2	Housing for over 55	Secure	£83.07	MV-T	£45,000
Unrestricted	0002764	13 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	House	3	General Needs	Assured	£99.72	MV-T	£93,400
Unrestricted	0002766	14 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	House	3	General Needs	Assured	£99.72	MV-T	£93,400
Unrestricted	0002768	15 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	Flat	1	Housing for over 55	Assured	£74.37	MV-T	£42,500
Unrestricted	0002770	16 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	Flat	1	Housing for over 55	Assured	£74.37	MV-T	£42,500
Unrestricted	0002772	17 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	Flat	1	Housing for over 55	Assured	£74.37	MV-T	£42,500
Unrestricted	0002774	18 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	Flat	1	Housing for over 55	Assured	£74.37	MV-T	£42,500
Unrestricted	0002776	19 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	Flat	1	Housing for over 55	Assured	£74.37	MV-T	£42,500
Unrestricted	0002778	20 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	Flat	1	Housing for over 55	Assured	£74.37	MV-T	£42,500
Unrestricted	0002780	21 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	Flat	1	Housing for over 55	Assured	£74.37	MV-T	£42,500
Unrestricted	0002782	22 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	Flat	1	Housing for over 55	Assured	£74.37	MV-T	£42,500
Unrestricted	0002784	23 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	Flat	1	Housing for over 55	Assured	£74.37	MV-T	£42,500
Unrestricted	0002786	24 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	Flat	1	Housing for over 55	Assured	£74.37	MV-T	£42,500
Unrestricted	0002788	25 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	Flat	1	Housing for over 55	Assured	£74.37	MV-T	£42,500
Unrestricted	0002790	26 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	Flat	1	Housing for over 55	Assured	£74.37	MV-T	£42,500
Unrestricted	0002792	27 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	House	3	General Needs	Assured	£99.72	MV-T	£93,400
Unrestricted	0002794	28 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	House	3	General Needs	Assured	£99.72	MV-T	£93,400
Unrestricted	0002796	29 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	House	3	General Needs	Assured	£99.72	MV-T	£93,400
Unrestricted	0002798	30 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	House	3	General Needs	Secure	£99.72	MV-T	£75,300
Unrestricted	0002800	31 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	House	3	General Needs	Assured	£99.72	MV-T	£93,400
Unrestricted	0002802	32 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	House	3	General Needs	Assured	£99.72	MV-T	£93,400

Raglan Housing Association
Private Placement 2012
348 units

Category	UPRN	Address 1	Address 2	Address 3	Address 4	Postcode	Property Type	Bedroom Number	Need Category	Tenancy Type	Passing Rent (weekly)	Valuation Basis	Valuation
Unrestricted	0002804	33 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	House	3	General Needs	Assured	£99.72	MV-T	£93,400
Unrestricted	0002806	34 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	House	3	General Needs	Assured	£99.72	MV-T	£93,400
Unrestricted	0002808	35 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	House	3	General Needs	Secure	£99.72	MV-T	£75,300
Unrestricted	0002810	36 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	House	3	General Needs	Assured	£99.72	MV-T	£93,400
Unrestricted	0002812	37 Saxon Close	Meadow Lane	Westbury	Wiltshire	BA13 3AP	House	3	General Needs	Assured	£99.72	MV-T	£93,400
Unrestricted	0002814	4 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	House	3	General Needs	Assured	£99.64	MV-T	£93,400
Unrestricted	0002816	5 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	House	3	General Needs	Secure	£98.74	MV-T	£74,600
Unrestricted	0002818	6 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	House	3	General Needs	Assured	£99.64	MV-T	£93,400
Unrestricted	0002820	8 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	House	3	General Needs	Secure	£101.73	MV-T	£76,800
Unrestricted	0002822	12 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	Bungalow	2	Housing for over 55	Assured	£87.98	MV-T	£82,400
Unrestricted	0002824	14 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	Bungalow	1	Housing for over 55	Assured	£76.21	MV-T	£71,400
Unrestricted	0002826	15 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	House	3	General Needs	Secure	£98.74	MV-T	£74,600
Unrestricted	0002828	16 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	Bungalow	1	Housing for over 55	Assured	£76.21	MV-T	£71,400
Unrestricted	0002830	18 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	Bungalow	2	Housing for over 55	Assured	£87.86	MV-T	£82,300
Unrestricted	0002832	19 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	Bungalow	2	Housing for over 55	Secure	£88.50	MV-T	£66,800
Unrestricted	0002834	20 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	Bungalow	2	Housing for over 55	Assured	£87.98	MV-T	£82,400
Unrestricted	0002836	21 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	Bungalow	1	Housing for over 55	Assured	£76.19	MV-T	£71,400
Unrestricted	0002838	22 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	Bungalow	1	Housing for over 55	Secure	£75.50	MV-T	£57,000
Unrestricted	0002840	23 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	Bungalow	1	Housing for over 55	Assured	£76.21	MV-T	£71,400
Unrestricted	0002842	24 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	Bungalow	1	Housing for over 55	Assured	£76.19	MV-T	£71,400
Unrestricted	0002844	25 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	Bungalow	2	Housing for over 55	Assured	£87.98	MV-T	£82,400
Unrestricted	0002846	26 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	Bungalow	2	Housing for over 55	Assured	£87.98	MV-T	£82,400
Unrestricted	0002848	27 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	Bungalow	2	Housing for over 55	Assured	£87.98	MV-T	£82,400
Unrestricted	0002850	29 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	Bungalow	1	Housing for over 55	Secure	£79.77	MV-T	£60,200
Unrestricted	0002852	31 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	Bungalow	2	Housing for over 55	Secure	£89.50	MV-T	£67,600
Unrestricted	0002854	33 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	Bungalow	2	Housing for over 55	Assured	£87.98	MV-T	£82,400
Unrestricted	0002856	35 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	Bungalow	1	Housing for over 55	Assured	£76.19	MV-T	£71,400
Unrestricted	0002858	37 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	Bungalow	1	Housing for over 55	Assured	£76.19	MV-T	£71,400
Unrestricted	0002860	39 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	Bungalow	1	Housing for over 55	Assured	£81.48	MV-T	£76,400
Unrestricted	0002862	41 Loddon Way		Bradford-On-Avon	Wiltshire	BA15 1HG	Bungalow	1	Housing for over 55	Assured	£76.21	MV-T	£71,400
Unrestricted	0003444	40 Alton Road		Bournemouth	Dorset	BH10 4AE	House	2	General Needs	Assured	£95.98	MV-T	£89,900
Unrestricted	0003446	40A Alton Road		Bournemouth	Dorset	BH10 4AE	House	2	General Needs	Assured	£95.98	MV-T	£89,900
Unrestricted	0003448	2 Priestley Road		Bournemouth	Dorset	BH10 4AS	House	2	General Needs	Assured	£95.98	MV-T	£89,900
Unrestricted	0003449	4 Priestley Road		Bournemouth	Dorset	BH10 4AS	House	2	General Needs	Assured	£95.98	MV-T	£89,900
Unrestricted	0003430	32 Copper Beech Gardens		Bournemouth	Dorset	BH10 5DB	House	3	General Needs	Assured	£111.63	MV-T	£104,600
Unrestricted	0003432	34 Copper Beech Gardens		Bournemouth	Dorset	BH10 5DB	House	3	General Needs	Assured	£111.63	MV-T	£104,600
Unrestricted	0003434	36 Copper Beech Gardens		Bournemouth	Dorset	BH10 5DB	House	3	General Needs	Assured	£111.63	MV-T	£104,600
Unrestricted	0003436	38 Copper Beech Gardens		Bournemouth	Dorset	BH10 5DB	House	3	General Needs	Assured	£111.63	MV-T	£104,600
Unrestricted	0003438	40 Copper Beech Gardens		Bournemouth	Dorset	BH10 5DB	Bungalow	2	General Needs	Assured	£89.86	MV-T	£84,200
Unrestricted	0003440	57 Copper Beech Gardens		Bournemouth	Dorset	BH10 5DB	House	3	General Needs	Assured	£111.63	MV-T	£104,600
Unrestricted	0003442	59 Copper Beech Gardens		Bournemouth	Dorset	BH10 5DB	House	3	General Needs	Assured	£111.63	MV-T	£104,600
Unrestricted	0003114	1 Paddock Close	Haskells Road	Poole	Dorset	BH12 3JR	House	2	General Needs	Assured	£95.98	MV-T	£89,900
Unrestricted	0003116	2 Paddock Close	Haskells Road	Poole	Dorset	BH12 3JR	House	2	General Needs	Assured	£95.98	MV-T	£89,900
Unrestricted	0003118	3 Paddock Close	Haskells Road	Poole	Dorset	BH12 3JR	House	2	General Needs	Secure	£83.41	MV-T	£63,000
Unrestricted	0003120	4 Paddock Close	Haskells Road	Poole	Dorset	BH12 3JR	House	2	General Needs	Assured	£95.98	MV-T	£89,900
Unrestricted	0003122	5 Paddock Close	Haskells Road	Poole	Dorset	BH12 3JR	House	2	General Needs	Assured	£95.98	MV-T	£89,900
Unrestricted	0003124	6 Paddock Close	Haskells Road	Poole	Dorset	BH12 3JR	Flat	1	General Needs	Assured	£70.59	MV-T	£66,100
Unrestricted	0003126	7 Paddock Close	Haskells Road	Poole	Dorset	BH12 3JR	Flat	1	General Needs	Assured	£70.59	MV-T	£66,100
Unrestricted	0003128	8 Paddock Close	Haskells Road	Poole	Dorset	BH12 3JR	Flat	1	General Needs	Assured	£70.59	MV-T	£66,100

Raglan Housing Association
Private Placement 2012
348 units

Category	UPRN	Address 1	Address 2	Address 3	Address 4	Postcode	Property Type	Bedroom Number	Need Category	Tenancy Type	Passing Rent (weekly)	Valuation Basis	Valuation
Unrestricted	0003130	9 Paddock Close	Haskells Road	Poole	Dorset	BH12 3JR	Flat	1	General Needs	Assured	£70.59	MV-T	£66,100
Unrestricted	0003132	10 Paddock Close	Haskells Road	Poole	Dorset	BH12 3JR	Flat	1	General Needs	Assured	£70.59	MV-T	£66,100
Unrestricted	0003134	11 Paddock Close	Haskells Road	Poole	Dorset	BH12 3JR	Flat	1	General Needs	Assured	£70.59	MV-T	£66,100
Unrestricted	0003136	12 Paddock Close	Haskells Road	Poole	Dorset	BH12 3JR	House	2	General Needs	Assured	£95.98	MV-T	£89,900
Unrestricted	0003138	13 Paddock Close	Haskells Road	Poole	Dorset	BH12 3JR	House	2	General Needs	Assured	£95.98	MV-T	£89,900
Unrestricted	0003140	14 Paddock Close	Haskells Road	Poole	Dorset	BH12 3JR	House	2	General Needs	Assured	£95.98	MV-T	£89,900
Unrestricted	0002867	1 Long Ground Cottages		Church Knowle	Dorset	BH20 5NH	Bungalow	2	Housing for over 55	Assured	£91.21	MV-T	£95,520
Unrestricted	0002869	2 Long Ground Cottages		Church Knowle	Dorset	BH20 5NH	Bungalow	2	Housing for over 55	Assured	£91.21	MV-T	£95,520
Unrestricted	0002871	3 Long Ground Cottages		Church Knowle	Dorset	BH20 5NH	Bungalow	1	Housing for over 55	Assured	£77.59	MV-T	£83,720
Unrestricted	0002873	4 Long Ground Cottages		Church Knowle	Dorset	BH20 5NH	Bungalow	1	Housing for over 55	Assured	£81.15	MV-T	£83,720
Unrestricted	0002875	5 Long Ground Cottages		Church Knowle	Dorset	BH20 5NH	Bungalow	1	Housing for over 55	Assured	£77.59	MV-T	£83,720
Unrestricted	0003451	28 Cattistock Road		Bournemouth	Dorset	BH8 9PH	House	3	General Needs	Assured	£111.63	MV-T	£104,600
Unrestricted	0003453	30 Cattistock Road		Bournemouth	Dorset	BH8 9PH	House	3	General Needs	Assured	£111.63	MV-T	£104,600
Unrestricted	0003455	32 Cattistock Road		Bournemouth	Dorset	BH8 9PH	House	3	General Needs	Assured	£111.63	MV-T	£104,600
Unrestricted	0002403	1 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	2	Housing for over 55	Assured	£77.02	MV-T	£61,900
Unrestricted	0002405	2 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	2	Housing for over 55	Secure	£77.02	MV-T	£48,000
Unrestricted	0002407	3 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002409	4 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002411	5 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002413	6 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002415	7 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002417	8 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002419	9 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002421	10 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002423	11 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002425	12 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002427	13 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002429	14 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002431	15 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	2	Housing for over 55	Assured	£77.02	MV-T	£61,900
Unrestricted	0002433	16 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	2	Housing for over 55	Assured	£77.02	MV-T	£61,900
Unrestricted	0002435	17 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002437	18 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002439	19 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002441	20 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002443	21 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002445	22 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002446	23 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002448	24 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002450	25 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002452	26 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	1	Housing for over 55	Assured	£68.47	MV-T	£50,300
Unrestricted	0002454	27 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	2	Housing for over 55	Assured	£77.02	MV-T	£61,900
Unrestricted	0002456	28 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Flat	2	Housing for over 55	Assured	£77.02	MV-T	£61,900
Unrestricted	0002458	29 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Bungalow	1	Housing for over 55	Assured	£73.94	MV-T	£69,300
Unrestricted	0002460	30 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Bungalow	1	Housing for over 55	Secure	£73.94	MV-T	£55,800
Unrestricted	0002462	31 Crowbridge Park	Crowbridge Lane	Cullompton	Devon	EX15 1BU	Bungalow	2	Housing for over 55	Assured	£82.98	MV-T	£77,800
Unrestricted	0003253	8 Hagley Road		Reading	Berkshire	RG2 0DN	House	3	General Needs	Assured	£118.47	MV-T	£111,000
Unrestricted	0003255	10 Hagley Road		Reading	Berkshire	RG2 0DN	House	3	General Needs	Assured	£118.47	MV-T	£111,000
Unrestricted	0003257	12 Hagley Road		Reading	Berkshire	RG2 0DN	House	3	General Needs	Assured	£118.47	MV-T	£111,000
Unrestricted	0003259	14 Hagley Road		Reading	Berkshire	RG2 0DN	Flat	1	General Needs	Assured	£84.50	MV-T	£79,200

Raglan Housing Association
Private Placement 2012
348 units

Category	UPRN	Address 1	Address 2	Address 3	Address 4	Postcode	Property Type	Bedroom Number	Need Category	Tenancy Type	Passing Rent (weekly)	Valuation Basis	Valuation
Unrestricted	0003261	16 Hagley Road		Reading	Berkshire	RG2 0DN	House	2	General Needs	Assured	£107.19	MV-T	£100,400
Unrestricted	0003263	18 Hagley Road		Reading	Berkshire	RG2 0DN	House	2	General Needs	Assured	£107.19	MV-T	£100,400
Unrestricted	0003265	20 Hagley Road		Reading	Berkshire	RG2 0DN	House	3	General Needs	Assured	£118.47	MV-T	£111,000
Unrestricted	0003267	22 Hagley Road		Reading	Berkshire	RG2 0DN	House	3	General Needs	Assured	£118.47	MV-T	£111,000
Unrestricted	0003269	24 Hagley Road		Reading	Berkshire	RG2 0DN	House	2	General Needs	Assured	£107.19	MV-T	£100,400
Unrestricted	0003271	26 Hagley Road		Reading	Berkshire	RG2 0DN	House	2	General Needs	Assured	£107.19	MV-T	£100,400
Unrestricted	0003273	28 Hagley Road		Reading	Berkshire	RG2 0DN	Flat	1	General Needs	Assured	£84.50	MV-T	£79,200
Unrestricted	0003275	30 Hagley Road		Reading	Berkshire	RG2 0DN	House	3	General Needs	Assured	£118.47	MV-T	£111,000
Unrestricted	0003277	32 Hagley Road		Reading	Berkshire	RG2 0DN	House	3	General Needs	Assured	£118.47	MV-T	£111,000
Unrestricted	0003279	34 Hagley Road		Reading	Berkshire	RG2 0DN	House	3	General Needs	Assured	£118.47	MV-T	£111,000
Unrestricted	0003281	36 Hagley Road		Reading	Berkshire	RG2 0DN	House	2	General Needs	Assured	£107.19	MV-T	£100,400
Unrestricted	0003283	38 Hagley Road		Reading	Berkshire	RG2 0DN	Flat	1	General Needs	Assured	£84.50	MV-T	£79,200
Unrestricted	0003285	40 Hagley Road		Reading	Berkshire	RG2 0DN	House	2	General Needs	Assured	£107.19	MV-T	£100,400
Unrestricted	0003287	42 Hagley Road		Reading	Berkshire	RG2 0DN	House	3	General Needs	Assured	£118.47	MV-T	£111,000
Unrestricted	0003229	2 Waterloo Rise		Reading	Berkshire	RG2 0LN	House	2	General Needs	Assured	£107.19	MV-T	£100,400
Unrestricted	0003231	4 Waterloo Rise		Reading	Berkshire	RG2 0LN	House	3	General Needs	Assured	£118.47	MV-T	£111,000
Unrestricted	0003233	6 Waterloo Rise		Reading	Berkshire	RG2 0LN	House	3	General Needs	Assured	£118.47	MV-T	£111,000
Unrestricted	0003235	8 Waterloo Rise		Reading	Berkshire	RG2 0LN	House	3	General Needs	Secure	£98.90	MV-T	£74,700
Unrestricted	0003237	10 Waterloo Rise		Reading	Berkshire	RG2 0LN	House	1	General Needs	Assured	£89.97	MV-T	£84,300
Unrestricted	0003239	12 Waterloo Rise		Reading	Berkshire	RG2 0LN	House	1	General Needs	Assured	£89.97	MV-T	£84,300
Unrestricted	0003241	14 Waterloo Rise		Reading	Berkshire	RG2 0LN	Flat	1	General Needs	Assured	£84.50	MV-T	£79,200
Unrestricted	0003243	16 Waterloo Rise		Reading	Berkshire	RG2 0LN	House	3	General Needs	Assured	£118.47	MV-T	£111,000
Unrestricted	0003245	18 Waterloo Rise		Reading	Berkshire	RG2 0LN	House	3	General Needs	Assured	£118.38	MV-T	£110,900
Unrestricted	0003247	20 Waterloo Rise		Reading	Berkshire	RG2 0LN	House	3	General Needs	Assured	£118.47	MV-T	£111,000
Unrestricted	0003249	22 Waterloo Rise		Reading	Berkshire	RG2 0LN	House	3	General Needs	Assured	£118.47	MV-T	£111,000
Unrestricted	0003251	24 Waterloo Rise		Reading	Berkshire	RG2 0LN	House	3	General Needs	Assured	£118.47	MV-T	£111,000
Unrestricted	0003305	1 Brook Lea	Send Road	Caversham	Berkshire	RG4 8EP	Flat	2	General Needs	Assured	£98.27	MV-T	£92,100
Unrestricted	0003307	2 Brook Lea	Send Road	Caversham	Berkshire	RG4 8EP	Flat	2	General Needs	Assured	£98.27	MV-T	£92,100
Unrestricted	0003309	3 Brook Lea	Send Road	Caversham	Berkshire	RG4 8EP	Flat	2	General Needs	Assured	£98.27	MV-T	£92,100
Unrestricted	0003311	4 Brook Lea	Send Road	Caversham	Berkshire	RG4 8EP	Flat	2	General Needs	Assured	£98.27	MV-T	£92,100
Unrestricted	0003313	5 Brook Lea	Send Road	Caversham	Berkshire	RG4 8EP	Bungalow	2	Housing for over 55	Assured	£104.57	MV-T	£98,000
Unrestricted	0003315	6 Brook Lea	Send Road	Caversham	Berkshire	RG4 8EP	Bungalow	2	Housing for over 55	Assured	£104.57	MV-T	£98,000
Unrestricted	0003318	7 Brook Lea	Send Road	Caversham	Berkshire	RG4 8EP	Bungalow	2	Housing for over 55	Assured	£104.57	MV-T	£98,000
Unrestricted	0002246	1 Wellington Lodge	Welland Green	Southampton	Hampshire	SO16 9QY	Flat	2	Wheelchair	Assured	£101.56	MV-T	£81,200
Unrestricted	0002248	2 Wellington Lodge	Welland Green	Southampton	Hampshire	SO16 9QY	Flat	2	Wheelchair	Secure	£86.60	MV-T	£63,000
Unrestricted	0002250	3 Wellington Lodge	Welland Green	Southampton	Hampshire	SO16 9QY	Flat	2	Wheelchair	Assured	£101.56	MV-T	£81,200
Unrestricted	0002252	4 Wellington Lodge	Welland Green	Southampton	Hampshire	SO16 9QY	Flat	2	General Needs	Assured	£104.71	MV-T	£81,200
Unrestricted	0002254	5 Wellington Lodge	Welland Green	Southampton	Hampshire	SO16 9QY	Flat	2	General Needs	Assured	£104.71	MV-T	£81,200
Unrestricted	0002256	6 Wellington Lodge	Welland Green	Southampton	Hampshire	SO16 9QY	Flat	2	General Needs	Assured	£104.71	MV-T	£81,200
Unrestricted	40466001	39 Carlisle Road		Queens Park	Bedfordshire	MK40 4HR	House	5	General Needs	Assured	£110.39	MV-T	£103,400
Unrestricted	40467001	5 Carlisle Road		Queens Park	Bedfordshire	MK40 4HR	House	5	General Needs	Assured	£107.01	MV-T	£100,300
Unrestricted	40544001	197 Hillgrounds Road		Kempston	Bedfordshire	MK42 8HQ	House	3	General Needs	Assured	£96.41	MV-T	£90,300
Unrestricted	40545001	199 Hillgrounds Road		Kempston	Bedfordshire	MK42 8HQ	House	2	General Needs	Assured	£87.20	MV-T	£81,700
Unrestricted	40546001	201 Hillgrounds Road		Kempston	Bedfordshire	MK42 8HQ	House	2	General Needs	Assured	£87.20	MV-T	£81,700
Unrestricted	40547001	203 Hillgrounds Road		Kempston	Bedfordshire	MK42 8HQ	House	3	General Needs	Assured	£96.41	MV-T	£90,300
Unrestricted	40548001	205 Hillgrounds Road		Kempston	Bedfordshire	MK42 8HQ	House	3	General Needs	Assured	£96.41	MV-T	£90,300
Unrestricted	40549001	207 Hillgrounds Road		Kempston	Bedfordshire	MK42 8HQ	House	3	General Needs	Assured	£96.41	MV-T	£90,300
Unrestricted	40550001	209 Hillgrounds Road		Kempston	Bedfordshire	MK42 8HQ	House	2	General Needs	Assured	£85.48	MV-T	£80,100
Unrestricted	40551001	211 Hillgrounds Road		Kempston	Bedfordshire	MK42 8HQ	House	2	General Needs	Assured	£82.30	MV-T	£77,100

Raglan Housing Association
Private Placement 2012
348 units

Category	UPRN	Address 1	Address 2	Address 3	Address 4	Postcode	Property Type	Bedroom Number	Need Category	Tenancy Type	Passing Rent (weekly)	Valuation Basis	Valuation
Unrestricted	40552001	213 Hillgrounds Road		Kempston	Bedfordshire	MK42 8HQ	House	2	General Needs	Assured	£87.55	MV-T	£82,000
Unrestricted	40554001	217 Hillgrounds Road		Kempston	Bedfordshire	MK42 8HQ	House	3	General Needs	Assured	£96.41	MV-T	£90,300
Unrestricted	40555001	219 Hillgrounds Road		Kempston	Bedfordshire	MK42 8HW	House	3	General Needs	Assured	£96.41	MV-T	£90,300
Unrestricted	40557001	225 Hillgrounds Road		Kempston	Bedfordshire	MK42 8HW	House	3	General Needs	Assured	£96.41	MV-T	£90,300
Unrestricted	40558001	227 Hillgrounds Road		Kempston	Bedfordshire	MK42 8HW	House	3	General Needs	Assured	£91.18	MV-T	£85,400
Unrestricted	40559001	229 Hillgrounds Road		Kempston	Bedfordshire	MK42 8HW	House	3	General Needs	Assured	£89.83	MV-T	£84,200
Unrestricted	40560001	231 Hillgrounds Road		Kempston	Bedfordshire	MK42 8HW	House	2	General Needs	Assured	£87.20	MV-T	£81,700
Unrestricted	40561001	233 Hillgrounds Road		Kempston	Bedfordshire	MK42 8HW	House	2	General Needs	Assured	£87.20	MV-T	£81,700
Unrestricted	40562001	235 Hillgrounds Road		Kempston	Bedfordshire	MK42 8HW	House	2	General Needs	Assured	£87.20	MV-T	£81,700
Unrestricted	40563001	239 Hillgrounds Road		Kempston	Bedfordshire	MK42 8HW	House	3	General Needs	Assured	£96.41	MV-T	£90,300
Unrestricted	41927001	237 Hillgrounds Road		Kempston	Bedfordshire	MK42 8HW	House	2	General Needs	Assured	£87.20	MV-T	£81,700
Unrestricted	41971001	223 Hillgrounds Road		Kempston	Bedfordshire	MK42 8HW	House	2	General Needs	Assured	£88.12	MV-T	£82,600
Unrestricted	40543001	14 Hillgrounds Road		Kempston	Bedfordshire	MK42 8QQ	House	3	General Needs	Assured	£91.18	MV-T	£85,400
Unrestricted	40542001	119 Hillgrounds Road		Kempston	Bedfordshire	MK42 8RD	House	3	General Needs	Assured	£96.32	MV-T	£90,300
Unrestricted	40380001	2 Hartwell Drive		Kempston	Bedfordshire	MK42 8SU	Flat	2	General Needs	Assured	£78.57	MV-T	£65,700
Unrestricted	40380002	2A Hartwell Drive		Kempston	Bedfordshire	MK42 8SU	Flat	2	General Needs	Assured	£81.34	MV-T	£65,700
Unrestricted	40380003	2B Hartwell Drive		Kempston	Bedfordshire	MK42 8SU	Flat	2	General Needs	Assured	£81.34	MV-T	£65,700
Unrestricted	40380004	2C Hartwell Drive		Kempston	Bedfordshire	MK42 8SU	Flat	2	General Needs	Assured	£81.34	MV-T	£65,700
Unrestricted	40518001	4 Hartwell Drive		Kempston	Bedfordshire	MK42 8SU	House	2	General Needs	Assured	£87.20	MV-T	£81,700
Unrestricted	40519001	4A Hartwell Drive		Kempston	Bedfordshire	MK42 8SU	House	2	General Needs	Assured	£84.47	MV-T	£79,200
Unrestricted	40521001	6 Hartwell Drive		Kempston	Bedfordshire	MK42 8SU	House	2	General Needs	Assured	£84.47	MV-T	£79,200
Unrestricted	40522001	6A Hartwell Drive		Kempston	Bedfordshire	MK42 8SU	House	2	General Needs	Assured	£87.20	MV-T	£81,700
Unrestricted	40523001	8 Hartwell Drive		Kempston	Bedfordshire	MK42 8SU	House	2	General Needs	Assured	£84.47	MV-T	£79,200
Unrestricted	40524001	8A Hartwell Drive		Kempston	Bedfordshire	MK42 8SU	House	3	General Needs	Assured	£93.20	MV-T	£87,300
Unrestricted	40051001	Flat 1, 21 Millbrook Road		Bedford	Bedfordshire	MK42 9HJ	Flat	1	General Needs	Assured	£74.38	MV-T	£58,000
Unrestricted	40051002	Flat 2, 21 Millbrook Road		Bedford	Bedfordshire	MK42 9HJ	Flat	1	General Needs	Assured	£69.97	MV-T	£58,000
Unrestricted	40051003	Flat 3, 21 Millbrook Road		Bedford	Bedfordshire	MK42 9HJ	Flat	1	General Needs	Assured	£72.28	MV-T	£58,000
Unrestricted	40051004	Flat 4, 21 Millbrook Road		Bedford	Bedfordshire	MK42 9HJ	Flat	1	General Needs	Assured	£69.97	MV-T	£58,000
Unrestricted	40051005	Flat 5, 21 Millbrook Road		Bedford	Bedfordshire	MK42 9HJ	Flat	1	General Needs	Assured	£74.38	MV-T	£58,000
Unrestricted	40051006	Flat 6, 21 Millbrook Road		Bedford	Bedfordshire	MK42 9HJ	Flat	1	General Needs	Assured	£74.38	MV-T	£58,000
Unrestricted	0005295	1 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	Housing for over 55	Assured	£91.57	MV-T	£85,800
Unrestricted	0005296	2 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	Housing for over 55	Assured	£91.57	MV-T	£85,800
Unrestricted	0005297	3 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	Housing for over 55	Assured	£91.57	MV-T	£85,800
Unrestricted	0005298	4 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	Housing for over 55	Assured	£91.57	MV-T	£85,800
Unrestricted	0005299	5 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	Housing for over 55	Assured	£91.57	MV-T	£85,800
Unrestricted	0005300	5A Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	General Needs	Assured	£91.57	MV-T	£85,800
Unrestricted	0005301	6 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	Housing for over 55	Assured	£91.57	MV-T	£85,800
Unrestricted	0005302	6A Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	General Needs	Assured	£91.57	MV-T	£85,800
Unrestricted	0005303	7 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	Housing for over 55	Assured	£91.57	MV-T	£85,800
Unrestricted	0005304	8 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	Housing for over 55	Assured	£91.57	MV-T	£85,800
Unrestricted	0005305	9 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	Housing for over 55	Assured	£91.57	MV-T	£85,800
Unrestricted	0005306	10 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	Housing for over 55	Assured	£91.57	MV-T	£85,800
Unrestricted	0005307	11 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	Housing for over 55	Assured	£85.22	MV-T	£79,900
Unrestricted	0005308	11A Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	General Needs	Assured	£81.57	MV-T	£76,400
Unrestricted	0005309	12 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	Housing for over 55	Assured	£91.57	MV-T	£85,800
Unrestricted	0005310	12A Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	General Needs	Assured	£91.57	MV-T	£85,800
Unrestricted	0005311	13 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	Housing for over 55	Assured	£91.57	MV-T	£85,800
Unrestricted	0005312	14 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	Housing for over 55	Assured	£91.57	MV-T	£85,800
Unrestricted	0005313	15 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	Housing for over 55	Assured	£91.57	MV-T	£85,800

Raglan Housing Association
Private Placement 2012
348 units

Category	UPRN	Address 1	Address 2	Address 3	Address 4	Postcode	Property Type	Bedroom Number	Need Category	Tenancy Type	Passing Rent (weekly)	Valuation Basis	Valuation
Unrestricted	0005314	16 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	Housing for over 55	Assured	£91.57	MV-T	£85,800
Unrestricted	0005315	17 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	Housing for over 55	Assured	£91.57	MV-T	£85,800
Unrestricted	0005316	17A Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	General Needs	Assured	£91.57	MV-T	£85,800
Unrestricted	0005317	18 Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	Housing for over 55	Assured	£91.57	MV-T	£85,800
Unrestricted	0005318	18A Brook House	Park Drive	Cranleigh	Surrey	GU6 7EH	Flat	1	General Needs	Assured	£91.57	MV-T	£85,800
													£23,550,000

Appendix 3

Cashflow Summaries

SUMMARY SHEET - Existing Use Value for Social Housing — **Raglan Housing Association**

18 September 2012 — **Private placement 2012**

1. STOCK

	SECURE	ASSURED	SUM
HOUSES	0	33	33
FLATS	5	52	57
SHELTERED	0	0	0
SUM	5	85	90

SECURE TENURE (Calculated Target Rents)

Houses (Target 5%)	Average Actual Rent		£ -	*per week*
	Real Growth	YR 0 to 49	0.0%	
		YR 49 onwards	0.0%	
Flats (Target 5%)	Average Actual Rent		£ 68.16	*per week*
	Real Growth	YR 0 to 1	0.4%	
		YR 1 onwards	0.5%	
Sheltered (Target 5%)	Average Actual Rent		£ -	*per week*
	Real Growth	YR 0 to 49	0.0%	
		YR 49 onwards	0.0%	

ASSURED TENURE (Calculated Target Rents)

Houses (Target 5%)	Average Actual Rent		£92.77	*per week*
	Real Growth	YR 0 to 1	2.1%	
		YR 1 onwards	0.5%	
Flats (Target 5%)	Average Actual Rent		£78.34	*per week*
	Real Growth	YR 0 to 5	-2.1%	
		YR 5 onwards	0.5%	
Sheltered (Target 5%)	Average Actual Rent		£ -	*per week*
	Real Growth	YR 0 to 49	0.0%	
		YR 49 onwards	0.0%	

3. OTHER INCOME

Garages (income per week)	0	units @	£ -	*per week*
Voids expressed as a % Gross Income			15.0%	*per annum*
0 RTBs:			£0 over 50 years	

4. RE-LETS

Secure to Assured	Houses	3.0%	*per annum*
	Flats	5.0%	*per annum*
	Sheltered	8.0%	*per annum*

5. BAD DEBTS / VOIDS

Bad debts / voids expressed as a % of Gross revenue	Year 1	2.00%	*per annum*
	Year 2 Onward	2.00%	*per annum*

6. TIMESCALE

YR 1: 52 Weeks — YR. 2 Onwards 52 *Weeks*

7. DISCOUNT RATE

Income: 6.00% *per annum*

8. EXPENDITURE

Management & Administration		£550	*per unit*
% variable	Year 1 Onward	1.0%	*per annum*

	CATCH UP & MAJOR REPAIRS unit cost Gross Inc.VAT	CYCLICAL COSTS unit cost Gross Inc.VAT	DAY TO DAY unit cost Gross Inc.VAT	SUM
YR. 1	£550.00	£300.00	£250.00	£1,100.00
YR. 2	£550.00	£300.00	£250.00	£1,100.00
YR. 3	£550.00	£300.00	£250.00	£1,100.00
YR. 4	£550.00	£300.00	£250.00	£1,100.00
YR. 5	£550.00	£300.00	£250.00	£1,100.00
Average YR. 6 -10	£575.00	£300.00	£250.00	£1,125.00
Average YR. 11 -15	£600.00	£300.00	£250.00	£1,150.00
Average YR. 16 -20	£625.00	£300.00	£250.00	£1,175.00
Average YR. 21 -25	£650.00	£300.00	£250.00	£1,200.00
Average YR. 26 onwards	£675.00	£300.00	£250.00	£1,225.00

VAT @ 20.0%

9. EXPENDITURE INFLATOR

Year 1: 1.00% per annum — Year 2 Onward 1.00% per annum

10. M.V. SALES

Price Inflator	Years 1 - 3	0.00%	Average House price	£138,788
	Year 4 Onward	1.00%	Average Flat price	£84,561
Sale Costs		3.00%	Average Sheltered price	£0
Capitalisation Rate		5.75%	Overall Average Price	£104,444

11. VALUATION

Unit Price	**£40,111**	**% VP**	**38%**	**EUVSH**	**£3,610,000**

[Date of last valuation] [Last valuation]

SUMMARY SHEET - Market Value | **Raglan Housing Association**
18 September 2012 | **Unrestricted Units**

1. STOCK

	SECURE	ASSURED	SUM
HOUSES	19	124	143
FLATS	6	104	110
SHELTERED	0	0	0
SUM	25	228	253

2. INCOME

SECURE TENURE

Average Actual Rents	Houses:		£87.96	*per week*
	Flats:		£71.45	*per week*
	Sheltered:		£0.00	*per week*
Annual % Increase:	Houses:		5% every other year	
	Flats:		5% every other year	
	Sheltered:		5% every other year	

ASSURED TENURE

Average Actual Rents	Houses:		£78.04	*per week*
	Flats:		£73.38	*per week*
	Sheltered:		£0.00	*per week*
Average Rents in Year 3	Houses:		£156.49	*per week*
	Flats:		£118.74	*per week*
	Sheltered:		£0.00	*per week*
Annual % Increase	Houses:	YR 0 - 3	26.1%	
		YR 4 Onwards	1.0%	
	Flats:	YR 0 - 3	17.4%	
		YR 4 Onwards	1.0%	
	Sheltered:	YR 0 - 3	0.0%	
		YR 4 Onwards	1.0%	

3. OTHER INCOME

Garages (income per week)	0	units @	£0.00	*per week*
Voids expressed as a % Gross Income			15.0%	*per annum*
0 RTBs:			£0 over 50 years	

4. SALES RATE

Houses	5.0%	*per annum*
Flats	6.0%	*per annum*

4a. SHELTERED RELET RATE

Sheltered	8.0%	*per annum*

5. BAD DEBTS / VOIDS

expressed as a % of Gross revenue	Years 1 - 3	9.00%	*per annum*
	Year 4-5	6.00%	*per annum*
	Year 6 Onwards	4.00%	*per annum*

6. TIMESCALE

52	Weeks	YR. 3 Onwards	52	*Weeks*

7. DISCOUNT RATE

Sales	9.75%	Income	7.75%	*per annum*

8. EXPENDITURE

Management & Administration	% of gross income	10.0%	*per annum*

	CATCH UP & MAJOR REPAIRS unit cost Gross Inc.VAT	CYCLICAL COSTS unit cost Gross Inc.VAT	DAY TO DAY unit cost Gross Inc.VAT	SUM
YR. 1	£1,500.00	£275.00	£225.00	£2,000.00
YR. 2	£1,500.00	£275.00	£225.00	£2,000.00
YR. 3	£500.00	£275.00	£225.00	£1,000.00
YR. 4	£500.00	£275.00	£225.00	£1,000.00
YR. 5	£500.00	£275.00	£225.00	£1,000.00
Average YR. 6 -10	£550.00	£275.00	£225.00	£1,050.00
Average YR. 11 -15	£575.00	£275.00	£225.00	£1,075.00
Average YR. 16 -20	£600.00	£275.00	£225.00	£1,100.00
Average YR. 21 -25	£625.00	£275.00	£225.00	£1,125.00
Average YR. 26 onwards	£650.00	£275.00	£225.00	£1,150.00

VAT @ 20.0%

9. EXPENDITURE INFLATOR

Year 1	1.00% per annum	Year 2 Onwards	1.00%	*per annum*

10. M.V. SALES

Price Inflator	Years 1 - 3	0.00%	Average House Price	£149,755
	Year 3 onwards	1.00%	Average Flat Price	£96,182
Sale Costs		3.00%	Average Sheltered Price	£0
Capitalisation Rate		7.25%	Average Price	£126,462

11. VALUATION SAY

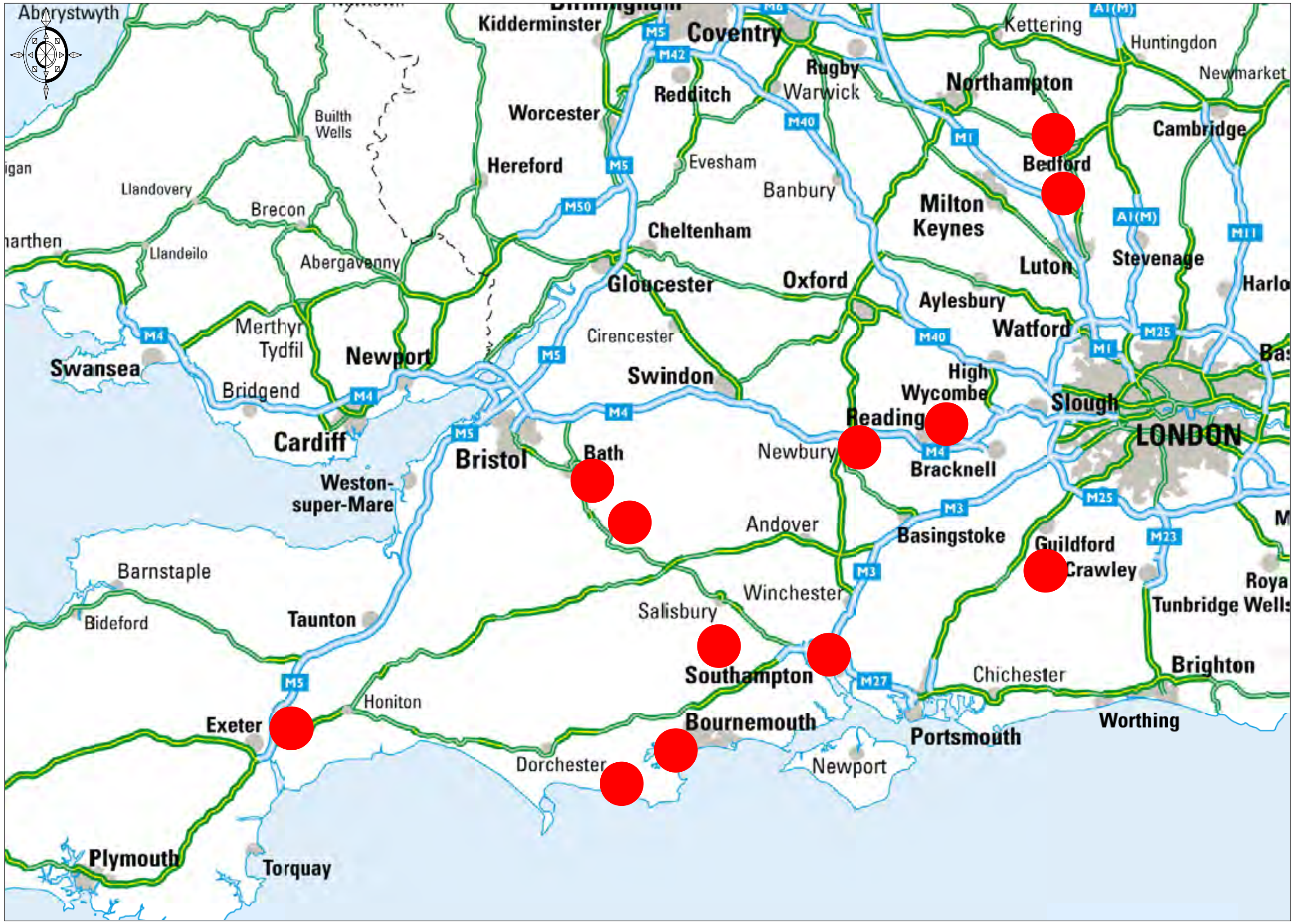
Unit Price	**£78,814**	**62%**	**£19,940,000**

[Date of last valuation] [Last valuation]

Appendix 4

Location Plan

Raglan Housing Association
Private Placement 2012
Location Plan



Promap®

JONES LANG LASALLE®

Appendix 5

Photographs

BA15, Loddon Way

BH4, Poole Road, Williams Court

MK42, 21 Edinburgh Close

MK42, 217 Hillgrounds Road

MK45, Preston Close

RG30, Abbotsbury Court

SO16, Wellington Lodge

SP6, Hall House

Jones Lang LaSalle

Real value in a changing world

Richard Petty
Director
30 Warwick Street
London W1B 5NH
+ 44 (0)20 7087 5971
richard petty@eu.jll.com

Mark Nevett
Associate Director
30 Warwick Street
London W1B 5NH
+ 44 (0)20 7087 5976
mark.nevett@eu.jll.com

TAXATION

United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Bonds and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue & Customs practice in the United Kingdom relating to certain aspects of United Kingdom taxation. This is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the Bonds. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Bondholders depends on their individual circumstances and may be subject to change at any time in the future, possibly with retrospective effect. Prospective Bondholders should seek their own professional advice concerning the tax consequences of their particular situation.

A. Interest on the Bonds

1. *Payment of interest on the Bonds*

Payments of interest by the Issuer on the Bonds may be made without deduction of or withholding on account of United Kingdom income tax provided that the Bonds continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the **Act**). The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Bonds remain so listed, interest on the Bonds will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Bonds may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Bonds is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Bonds is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HM Revenue & Customs (**HMRC**) has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount must generally be withheld from payments of interest on the Bonds on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Bondholder, HMRC can issue a notice to the Issuer to pay interest to the Bondholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Bondholders may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Bondholder. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Bondholder is resident for tax purposes.

2. *EU Savings Directive*

Under EC Council Directive 2003/48/EC (the **Directive**) on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts to the holder of the Bonds or to otherwise compensate the holder of the Bonds for the reduction in the amounts that they will receive as a result of the imposition of such withholding tax.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

3. *Further United Kingdom Income Tax Issues*

Interest on the Bonds constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Bondholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Bondholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Bonds are attributable (and where that Bondholder is a company, unless that Bondholder carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Bonds are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Bondholders.

B. United Kingdom Corporation Tax Payers

4. In general, Bondholders which are within the charge to United Kingdom corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Bonds (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

C. Other United Kingdom Tax Payers

5. *Taxation of Chargeable Gains*

The Bonds will constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a Bondholder of a

Bond will not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains.

6. *Accrued Income Scheme*

On a disposal of Bonds by a Bondholder, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules of the accrued income scheme as set out in Part 12 of the Act, if that Bondholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Bonds are attributable.

7. *Taxation of Discount*

HMRC's published practice is that securities having similar terms of early redemption as the Bonds are not treated by HMRC as "deeply discounted securities" and accordingly the Bonds should not be treated as "deeply discounted securities" for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005.

D. Stamp Duty and Stamp Duty Reserve Tax (SDRT)

8. No United Kingdom stamp duty or SDRT is payable on the issue of the Bonds or on a transfer by delivery of the Bonds.

SUBSCRIPTION AND SALE

Pension Insurance Corporation Limited (the **Purchaser**) has, in a purchase agreement (the **Purchase Agreement**) dated 18th September, 2012, agreed to purchase the Bonds (other than the Retained Bonds) at the issue price of 100 per cent. of the nominal amount of the Bonds (other than the Retained Bonds). The Purchase Agreement may be terminated in certain circumstances prior to payment of the Issuer.

The issue price in respect of the Bonds will be payable in two instalments. See "*Payment by Instalments*".

The Purchaser will represent, warrant and agree, pursuant to the Purchase Agreement, that it is not a U.S. person as defined in Regulation S of the United States Securities Act of 1933, as amended.

GENERAL INFORMATION

Authorisation

The issue of Bonds has been approved by a resolution of the Board of Directors of the Issuer dated 4th September, 2012.

Listing of Bonds

It is expected that the official listing will be granted on or about 20th September, 2012 subject only to the issue of the Temporary Global Bond. Application has been made to the UK Listing Authority for the Bonds to be admitted to the Official List and to the London Stock Exchange for such Bonds to be admitted to trading on the London Stock Exchange's regulated market.

The Issuer estimates that the total expenses related to the admission to trading will be £8,015. The Original Borrower shall pay to the Issuer, *inter alia*, an amount equal to such expenses in accordance with Clause 19 (*Expenses*) of the Raglan Housing Association Loan Agreement.

Documents Available

For the period of 12 months following the date of this Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:

(a) the constitutional documents of the Issuer, each Borrower and Raglan Homes;

(b) the audited consolidated financial statements, including the reports of the auditors, of the Original Borrower in respect of the financial years ended 31st March, 2011 and 31st March, 2012. The Original Borrower currently prepares audited accounts on an annual basis;

(c) the most recently published audited annual financial statements (if any) of the Issuer, each Additional Borrower and each Eligible Group Member and the most recently published unaudited interim financial statements (if any) of the Issuer, each Additional Borrower and each Eligible Group Member, in each case together with any audit or review reports prepared in connection therewith;

(d) the Bond Trust Deed, the Agency Agreement, the Account Agreement, the Custody Agreement, the Retained Bond Custody Agreement, each Loan Agreement, the Security Trust Deed and the Security Agreements;

(e) the Valuation Report;

(f) a copy of this Prospectus; and

(g) any future offering circulars, prospectuses and information memoranda and any other documents incorporated therein by reference.

Clearing Systems

The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN and the Common Code for the Bonds is XS0830525621 and 083052562, respectively.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Characteristics of underlying assets

The Raglan Housing Association Loan Agreement has, and each Additional Loan Agreement will have, characteristics that demonstrate capacity to produce funds to service the payments due and payable on the Bonds.

Material or Significant Change

There has been no material adverse change in the financial position or prospects of the Issuer since its date of incorporation.

There has been no significant change in the financial or trading position of the Raglan Group since 31st March, 2012 and there has been no material adverse change in the prospects of the Raglan Group since 31st March, 2012.

There has been no significant change in the financial or trading position of the Original Borrower since 31st March, 2012 and there has been no material adverse change in the prospects of the Original Borrower since 31st March, 2012.

There has been no significant change in the financial or trading position of Raglan Homes since its date of incorporation and there has been no material adverse change in the prospects of Raglan Homes since its date of incorporation.

Litigation

The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) since the date of its incorporation which may have or has in such period had a significant effect on its financial position or profitability.

The Original Borrower is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Original Borrower is aware) in the 12 months preceding the date of this Prospectus which may have or has in such period had a significant effect on its financial position or profitability.

Raglan Homes is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Raglan Homes is aware) since the date of its incorporation which may have or has in such period had a significant effect on its financial position or profitability.

No other member of the Raglan Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer, the Original Borrower or Raglan Homes are aware) in the 12 months preceding the date of this Prospectus which may have or has in such period had a significant effect on its financial position or profitability.

Auditors

The auditors of the Issuer are KPMG Audit LLP, Chartered Accountants & Registered Auditors. As at the date of this Prospectus no financial statements have been prepared in respect of the Issuer. The auditors of the Issuer have no material interest in the Issuer.

The auditors of the Original Borrower are KPMG Audit LLP, Chartered Accountants & Registered Auditors, who have audited the Original Borrower's accounts, without qualification, in accordance with generally accepted accounting principles in the United Kingdom for each of the two financial years ended on 31st March, 2011 and 31st March, 2012. The auditors of the Original Borrower have no material interest in the Original Borrower.

The auditors of Raglan Homes are KPMG Audit LLP, Chartered Accountants & Registered Auditors. As at the date of this Prospectus no financial statements have been prepared in respect of Raglan Homes. The auditors of Raglan Homes have no material interest in Raglan Homes.

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to the Bonds, the Issuer Security or the Underlying Security, other than as required pursuant to Condition 6.2 (*Information Covenants*).

Arranger transacting with the Issuer, the Original Borrower or Raglan Homes

The Arranger and its affiliates may in the future engage in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and/or the Original Borrower and/or Raglan Homes and their affiliates in the ordinary course of business.

ISSUER

Raglan Finance plc
Suite C, Lancaster House
Grange Business Park
Enderby Road
Whetstone
Leicester LE8 6EP

BOND TRUSTEE AND SECURITY TRUSTEE

Prudential Trustee Company Limited
Laurence Pountney Hill
London EC4R 0HH

PRINCIPAL PAYING AGENT, ACCOUNT BANK, CUSTODIAN AND RETAINED BOND CUSTODIAN

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL

ARRANGER

Canaccord Genuity Limited
88 Wood Street
London EC2V 7QR

LEGAL ADVISERS

To the Issuer, the Original Borrower and Raglan Homes as to English law

Devonshires Solicitors
30 Finsbury Circus
London EC2M 7DT

To the Arranger, the Bond Trustee and the Security Trustee as to English law

Allen & Overy LLP
One Bishops Square
London E1 6AD

To the Purchaser as to English law

Wragge & Co LLP
55 Colmore Row
Birmingham B3 2AS

AUDITORS

To the Issuer, the Original Borrower and Raglan Homes

KPMG Audit LLP
Dukes Keep
Marsh Lane
Southampton SO14 3EX