



## OPTIVO FINANCE PLC

(incorporated in England and Wales with limited liability under the Companies Act 2006, registered number 7933814)

### **£100,000,000 5.25 per cent. Secured Bonds due 2043 (to be consolidated and form a single series with the existing £300,000,000 5.25 per cent. Secured Bonds due 2043)**

The £100,000,000 5.25 per cent. Secured Bonds due 2043 (the **New Bonds**) are issued by Optivo Finance plc (formerly known as AmicusHorizon Finance plc) (the **Issuer**). The New Bonds have the same terms and conditions as, and will be consolidated and form a single series and rank *pari passu* with, the £300,000,000 5.25 per cent. Secured Bonds due 2043 (the **Existing Bonds** and, together with the New Bonds, the **Bonds**) issued by the Issuer on 13 March 2012 and 11 March 2022.

This Prospectus has been approved by the Financial Conduct Authority (the **FCA**) as the competent authority under Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **EUWA**) (the **UK Prospectus Regulation**). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the Borrower (as defined below) or the quality of the Bonds that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the New Bonds.

Application has been made to the FCA for the New Bonds to be admitted to the Official List of the FCA (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for the New Bonds to be admitted to trading on the London Stock Exchange's main market. The London Stock Exchange's main market is not a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU (**MiFID II**) but is a regulated market for the purposes of Regulation (EU) No. 600/2014 on markets in financial instruments as it forms part of UK domestic law by virtue of the EUWA (**UK MiFIR**).

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

All of the New Bonds will be immediately purchased by or on behalf of the Issuer on the New Bond Issue Date (as defined below) (as such, the **New Retained Bonds**) and will be on sold to investors at a later date or, in respect of £50,000,000 in principal amount thereof, to a purchaser pursuant to a forward purchase agreement dated 10 July 2023 between the Issuer, the Borrower (as defined below) and the purchaser named therein (the **Forward Purchase Agreement**).

Subject as set out below, the net proceeds of the sale of the New Bonds to a third party will be advanced by the Issuer to Southern Housing (formerly Optivo and AmicusHorizon Limited) (the **Borrower**) pursuant to a bond loan agreement between the Borrower and the Issuer dated 13 March 2012 (the **Original Loan Agreement**), as supplemented by a supplemental bond loan agreement dated 11 March 2022 (the **First Supplemental Loan Agreement**), a second supplemental bond loan agreement dated 19 December 2022 (the **Second Supplemental Loan Agreement** and, together with the Original Loan Agreement and the First Supplemental Loan Agreement, the **Existing Loan Agreement**) and a third supplemental bond loan agreement to be dated the New Bond Issue Date (the **Third Supplemental Loan Agreement** and, together with the Existing Loan Agreement, the **Loan Agreement**), to be applied in accordance with the Borrower's constitutional documents.

Any net issue proceeds from a further issue of Bonds pursuant to Condition 19 (*Further issues*) shall be advanced to the Borrower at a later date pursuant to the Loan Agreement to the extent that Properties of a corresponding value have been charged in favour of the Security Trustee, and allocated for the benefit of the Issuer, and, if applicable, subject to the issue by the Issuer of further Bonds.

Interest on the New Bonds is payable semi-annually in arrear in equal instalments on 13 March and 13 September in each year at the rate of 5.25 per cent. per annum, commencing on 13 September 2023, as described in Condition 7 (*Interest*) (but subject to the waiver described in "Description of the Account Agreement, the Custody Agreement and the Retained Bond Custody Agreement – Retained Bond Custody Agreement – Payment Waiver" below). Payments of principal of, and interest on, the New 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 upon the prepayment by the Borrower of the loan (the **Loan**) in accordance with the terms of the Loan Agreement at the higher of their principal amount and an amount calculated by reference to the sum of (i) the yield on the relevant outstanding United Kingdom Government benchmark gilt having the nearest maturity date to that of the

Bonds and (ii) 0.20 per cent., together with accrued interest (or, in respect of a prepayment of the Loan following an event of default thereunder, at their principal amount, together with accrued interest). The Bonds will also be redeemed in full at their principal amount, plus accrued interest, in the event of a mandatory prepayment of the Loan following the Borrower ceasing to be a Registered Provider of Social Housing (other than if the Borrower regains its status as a Registered Provider of Social Housing within 180 days), the Loan becoming repayable as a result of a Borrower Default (as defined in the Loan Agreement) or 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.

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 13 March 2043 (the **Maturity Date**).

The Borrower has been assigned a credit rating of "A3" by Moody's Investors Services Limited (**Moody's**) and "A" by Fitch Ratings Ltd. (**Fitch**), and it is expected that the New Bonds will also be rated "A3" by Moody's and "A" by Fitch. 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. As of the date of this Prospectus, each of Moody's and Fitch is established in the United Kingdom and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the **UK CRA Regulation**). As such, each of Moody's and Fitch is included in the list of credit rating agencies published by the FCA in accordance with the UK CRA Regulation. As at the date of this Prospectus, neither Moody's nor Fitch is established in the European Union nor has it applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the rating issued by Moody's has been endorsed by Moody's Deutschland GmbH and the rating issued by Fitch has been endorsed by Fitch Ratings Ireland Limited, in each case, in accordance with the CRA Regulation. As at the date of this Prospectus, each of Moody's Deutschland GmbH and Fitch Ratings Ireland Limited is established in the European Union and registered under the CRA Regulation. As such, each of Moody's Deutschland GmbH and Fitch Ratings Ireland Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation.

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

The New Bonds will initially be represented by a temporary global bond (the **Temporary Global Bond**), without interest coupons, which will be deposited on or about 8 September 2023 (the **New Bond Issue Date**) with a common safekeeper for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**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 and the permanent global bonds representing the Existing Bonds, the **Global Bonds**), without interest coupons, on or after 18 October 2023 (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 "*Form of the New Bonds and Summary of Provisions relating to the New Bonds while in Global Form*".

The date of this Prospectus is 6 September 2023.

This Prospectus comprises a prospectus for the purposes of the UK Prospectus Regulation.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

The Borrower accepts responsibility for the information contained in this Prospectus relating to it and the security created and to be created by it including, without limitation:

- (a) the information under the heading "*Factors which may affect the Borrower's ability to fulfil its obligations under the Loan Agreement*" in the section headed "*Risk Factors*";
- (b) the information contained in the sections headed "*Description of the Borrower*" and "*Description of the Regulation and Funding Environment applicable to the Borrower*";
- (c) the financial statements relating to the Borrower and its predecessor entities referred to in the section headed "*Documents Incorporated by Reference*";
- (d) the information relating to the security created (and to be created) pursuant to the Fixed Charges (as defined below) under the heading "*Underlying Security*" in the section headed "*Overview*", under the heading "*Considerations relating to the Issuer Security and the Underlying Security*" in the section headed "*Risk Factors*" and contained in the section headed "*Description of the Fixed Charges and the Security Trust Deed*"; and
- (e) the information relating to it under the headings "*Material or Significant Change*" and "*Litigation*" in the section headed "*General Information*",

and, to the best of the knowledge of the Borrower, such information is in accordance with the facts and such information makes no omission likely to affect its import.

The figures referred to in the Valuation Report prepared by Savills Advisory Services Limited (the *Valuer*) in the section entitled "*Market Commentary*" and "*Valuation Advice*" were obtained from the Royal Institution of Chartered Surveyors (*RICS*), TwentyCI, the Office of National Statistics (*ONS*), HM Land Registry, Zoopla, Nationwide, Rightmove, the Regulator of Social Housing (the *Regulator*), HM Treasury, HM Revenue & Customs (*HMRC*) and the Bank of England. 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 RICS, TwentyCI, ONS, HM Land Registry, Zoopla, Nationwide, Rightmove, the Regulator, HM Treasury, HMRC and the Bank of England, no facts have been omitted which would render the reproduced figures inaccurate or misleading.

The Valuer accepts responsibility for the information contained in the section headed "*Valuation Report*". Having taken all reasonable care to ensure that such is the case, the information contained in the section headed "*Valuation Report*" is, to the best of the Valuer's knowledge, in accordance with the facts and contains no omission likely to affect its import. With the exception of the information contained in the section headed "*Valuation Report*", the Valuer does not accept 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 New Bonds.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" below). This Prospectus should be read and construed on the basis that such documents are incorporated in, and form part of, this Prospectus.

Save for the Issuer, the Borrower and the Valuer, no other person has independently verified (a) any information contained herein or (b) any matter which is the subject of any statement, representation, warranty or covenant of the Issuer or the Borrower contained in the Bonds or any of the Transaction Documents (as defined below). Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by M&G Trustee Company Limited (previously Prudential Trustee Company Limited) (the *Bond Trustee* and the *Security Trustee*) as to (i) the accuracy or completeness of the information contained in, or incorporated by reference in, this Prospectus or any other information provided by the Issuer, the Borrower or any other person in connection with the offering of the New Bonds, (ii) the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of the Bonds or any Transaction Document or (iii) any acts or omissions of the Issuer or any other person in connection with the Bonds. Neither the Bond Trustee nor the Security Trustee accepts any liability in relation to the information contained in, or incorporated by reference in, this Prospectus or any other information provided by the Issuer or the Borrower in connection with the issue of the New Bonds.

No person is or has been authorised by the Issuer, the Borrower, the Bond Trustee or the Security 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 offering of the New Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Bond Trustee or the Security Trustee.

To the fullest extent permitted by law, neither the Bond Trustee nor the Security 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 Borrower or the issue and offering of the New Bonds. Each of the Bond Trustee and the Security 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 issue of the New Bonds (a) is intended to provide the basis of any credit or other evaluation, (b) should be considered as a recommendation by the Issuer, the Borrower, the Bond Trustee or the Security Trustee that any recipient of this Prospectus or any other information supplied in connection with the New Bonds should purchase any New Bonds or (c) should be construed as legal, business, tax or other advice. Each investor contemplating purchasing any New Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Borrower. In addition, each investor contemplating purchasing any Bonds should consult its own advisors as to the legal, tax, business, financial, regulatory and other aspects of an investment in the New Bonds. Neither this Prospectus nor any other information supplied in connection with the offering of the New Bonds constitutes an offer or invitation by or on behalf of the Issuer, the Borrower, the Bond Trustee or the Security Trustee to any person to subscribe for or to purchase the New Bonds.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the New Bonds shall in any circumstances imply that the information contained herein concerning the Issuer or the Borrower is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the New Bonds is correct as of any time subsequent to the date indicated in the document containing the same. The Bond Trustee and the Security Trustee expressly do not undertake to review the financial condition or affairs of the Issuer, the Borrower or any member of the Group (as defined below) during the life of the Bonds or to advise any investor in the New Bonds of any information coming to their attention.

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, New Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any New 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 New Bonds may be restricted by law in certain jurisdictions. The Issuer, the Borrower, the Bond Trustee and the Security Trustee do not represent that this Prospectus may be lawfully distributed, or that any New 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 Borrower, the Bond Trustee or the Security Trustee which is intended to permit a public offering of any New Bonds or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no New 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 New Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of New Bonds. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of New Bonds in the United States and the United Kingdom and a prohibition on the sale of any Bonds to European Economic Area (EEA) or United Kingdom (UK) retail investors.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Presentation of Financial Information

Unless otherwise indicated, the financial information in this Prospectus has been derived from the Issuer Financial Statements and the Borrower Financial Statements (each as defined below).

The Issuer's and the Borrower's financial year ends on (and each of its predecessor entities' (as referred to below) financial years ended on) 31 March, and references in this Prospectus to any specific year are to the 12-month period ended on 31 March of such year. The Issuer Financial Statements have been prepared and audited in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (United Kingdom) Generally Accepted Account Practice. The Borrower Financial Statements have been prepared and audited in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, the Statement of Recommended Practice, "*Accounting by registered social housing providers*" 2014 and the Borrower Accounting Direction for Private Registered Providers of Social Housing 2019 (together, the *Borrower Accounting Standards*).

### Certain Defined Terms and Conventions

Capitalised terms which are used but not otherwise defined in any particular section of this Prospectus will have the meanings attributed to them in the section headed "*Terms and Conditions of the New Bonds*" or any other section of this Prospectus. In addition, all references

in this Prospectus to *Sterling* and £ refer to pounds sterling and all references to a *billion* refer to a thousand million.

Certain figures and percentages included in this Prospectus have been subject to rounding adjustments.

#### SUITABILITY OF INVESTMENT

The New Bonds may not be a suitable investment for all investors. Each potential investor in the New Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the New Bonds, the merits and risks of investing in the New Bonds and the information contained in this Prospectus;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the New Bonds and the impact the New Bonds will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the New Bonds including where the currency for principal and interest payments is different from the potential investor's currency;
- (d) understands thoroughly the terms of the New Bonds and is familiar with the behaviour of financial markets;
- (e) is able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (f) understands the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of the New Bonds.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review and regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the New Bonds are legal investments for it, (ii) the New Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any New 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.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The New Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a *retail investor* means a person who is one (or both) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the *Insurance Distribution Directive*), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the *PRIPs Regulation*) for offering or selling the New Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore

offering or selling the New Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The New Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a *retail investor* means a person who is one (or both) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the *UK PRIIPs Regulation*) for offering or selling the New Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the New Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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## 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 New Bonds should be based on a consideration of this Prospectus as a whole.

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

<b>Issuer:</b>	Optivo Finance plc  Legal Entity Identifier (LEI): 213800DU46CL9M2ZRN02
<b>Description of the New Bonds:</b>	<p>£100,000,000 5.25 per cent. Secured Bonds due 2043 (the <b>New Bonds</b>) to be issued by the Issuer on 8 September 2023 (the <b>New Bond Issue Date</b>) to be consolidated and form a single series with the £300,000,000 5.25 per cent. Secured Bonds due 2043) (the <b>Existing Bonds</b> and, together with the New Bonds, the <b>Bonds</b>).</p> <p>The New Bonds will be immediately purchased by or on behalf of the Issuer on the New Bond Issue Date (as such, the <b>New Retained Bonds</b>) and will be sold to investors at a later date including, in respect of £50,000,000 in principal amount thereof, pursuant to the Forward Purchase Agreement.</p>
<b>Status of the New Bonds</b>	The New Bonds and Coupons will constitute direct, secured, unsubordinated obligations of the Issuer and will rank <i>pari passu</i> among themselves and with the Existing Bonds.
<b>Use of Proceeds:</b>	<p>The net proceeds of the sale of the New Retained Bonds (after deduction of expenses payable by the Issuer) will be applied by the Issuer to provide finance for the Borrower.</p> <p>Subject as described in "<i>Initial Cash Security Account</i>" below, the Issuer will lend such proceeds to the Borrower pursuant to the Loan Agreement to be applied in accordance with the Borrower's objects.</p> <p>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 Loan Agreement.</p>
<b>Form of the New Bonds:</b>	The New Bonds will be issued in bearer form as described in " <i>Form of the New Bonds and Summary of Provisions relating to the New Bonds while in Global Form</i> ".

**Interest:** The New Bonds will bear interest at a fixed rate of 5.25 per cent. per annum payable semi-annually in arrear in equal instalments on 13 March and 13 September of each year, from (and including) 13 September 2023 to (but excluding) 13 March 2043 (the **Maturity Date**), subject to adjustment in accordance with Condition 8.5 (*Payment Day*) (each, an **Interest Payment Date**).

For so long as the New Bonds are New Retained Bonds payment of interest thereon will be subject to the payment waiver described in "*Retained Bonds*" below.

**Final Redemption:** Unless previously redeemed or purchased and cancelled in accordance with Condition 9 (*Redemption and Purchase*), the Bonds will be redeemed at their principal amount on the Maturity Date.

**Early Redemption:** Subject as described in "*Mandatory Early Redemption*" below, the Bonds may be redeemed in whole or in part at any time prior to the Maturity Date upon the optional prepayment by the Borrower of the loan (the **Loan**) or a part thereof in accordance with the terms of the Loan Agreement at the higher of their principal amount and an amount calculated by reference to the sum of:

- (a) the yield on the relevant outstanding UK Government benchmark conventional gilt having the nearest maturity date to that of the Bonds; and
- (b) 0.20 per cent.,

together with accrued interest.

**Early Redemption for Tax Reasons:** The Issuer shall redeem the Bonds in whole, but not in part, at their 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:** The Bonds shall be redeemed in full at their principal amount, plus accrued interest, upon the mandatory prepayment of the Loan following the Borrower ceasing to be a Registered Provider of Social Housing (other than if the Borrower regains its status as a Registered Provider of Social Housing within 180 days).

In addition, if the Loan becomes repayable as a result of a Borrower Default, the Bonds shall be redeemed in full at their principal amount, plus accrued interest.

A **Borrower Default** includes non-payment, breach of other obligations, cross-acceleration, winding-up, cessation of business, insolvency, unlawfulness and breach of certain asset cover ratios, in each case as set out in Clause 14 (*Borrower Default*) of the Original Loan Agreement and described further in "*Description of the Loan Agreement*".

**Purchase:**

The New Bonds will be immediately purchased by the Issuer on the New Bond Issue Date.

The Borrower and any other member of the Group (other than the Issuer) may at any time purchase Bonds in the open market or otherwise at any price. Any Bonds so purchased must be surrendered to the Issuer for cancellation in consideration for an amount equal to the principal amount of the Bonds being surrendered being deemed to be prepaid under the Loan Agreement or, to the extent that no Loan is then outstanding, an amount of the Undrawn Commitment 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 Agreement*".

The New Retained Bonds may only be held on the Issuer's behalf until (but not including) the date falling two years after the New Bond Issue Date, and the Issuer must therefore sell the New Retained Bonds within that two-year period, or else any New Retained Bonds that have not been so sold will be

cancelled in accordance with Condition 9.9 (*Cancellation of purchased or redeemed Bonds*).

In accordance with the Bond Trust Deed, any Bonds (including any Retained Bonds) which are for the time being held by or on behalf of, *inter alios*, the Issuer 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.

**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 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 the Loan Agreement), the Borrower is required to prepay the Loan in full together with accrued interest and commitment fee to and including the date of redemption. The Borrower is also required to pay to the Issuer, within three Business Days of demand, 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 the Loan Agreement, the Fixed Charges, 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 by the Borrower in favour of the Security Trustee for the benefit of the Issuer to permit the drawing of the Commitment in full or the Borrower has not otherwise drawn any part of the Commitment, the amount of the Commitment that remains 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**).

Any Retained Proceeds shall be advanced to the Borrower at a later date pursuant to the Loan Agreement to the extent that Properties of a corresponding value have been charged in favour of the Security Trustee for the benefit of the Issuer and, if applicable, subject to the sale by the Issuer of New Retained Bonds.

Funds standing to the credit of the Initial Cash Security Account may:

- (a) be held on deposit, in which case they shall accrue interest at a rate to be agreed from time to time between the Issuer and the Account Bank (as defined below) 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 Agreement, the Borrower shall pay to the Issuer a commitment fee in respect of the Undrawn Commitment on each Loan Payment Date in an amount equal to 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 the Loan Agreement on such Loan Payment Date; and
- (b) the interest otherwise received by the Issuer in respect of the Retained Proceeds during 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).

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

**Disposal Proceeds Account:**

Pursuant to the Loan Agreement, the Borrower is required to procure that the specified asset cover ratio is maintained (see "*Description of the Loan Agreement*" below). In the event that the value of any Charged Property is insufficient to maintain the relevant asset cover ratio, the Borrower 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 they 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) otherwise, 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) direct obligations of the United Kingdom or of any agency or instrumentality of the United Kingdom which are guaranteed by the United Kingdom;
- (b) demand and time deposits in, certificates of deposit of and bankers' acceptances issued by any depository institution or trust company with a maturity of no more than 360 days subject to, *inter alia*, such issuer's debt obligations having (i) any two of the following long term debt credit ratings: (A) not less than "AA" from S&P Global Ratings Europe Limited (**S&P**), (B) not less than "Aa2" from Moody's and (C) not less than "AA" from Fitch Ratings Limited

(Fitch), or (ii) any two of the following short term debt or issuer (as applicable) credit ratings: (A) not less than "A-1" from S&P, (B) not less than "P-1" from Moody's and (C) not less than "F1" from Fitch;

- (c) securities bearing interest or sold at a discount to the face amount thereof issued by any corporation having any two of the following long term credit ratings: (i) not less than "AA" from S&P, (ii) not less than "Aa2" from Moody's and (iii) not less than "AA" from Fitch; and
- (d) commercial paper or other short-term obligations which, *inter alia*, have any two of the following short term credit ratings: (i) not less than "A-1" from S&P, (ii) not less than "P-1" from Moody's and (iii) not less than "F1" from Fitch and (e) triple-A rated off-shore money market funds,

provided that, in the case of (a) to (d) above, such investment shall be an investment which is an obligation of the United Kingdom or a company incorporated in the United Kingdom, and in all cases, such investment shall be an investment (i) the maturity of which is no later than 13 March 2043 and (ii) which is denominated in Sterling.

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

In the event that any Permitted Investments are sold to fund a drawing by the Borrower pursuant to the 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 the Borrower at the Actual Advance Amount in respect of the principal amount requested and may (but is not obliged to) make a gift aid payment to a charitable member of the Group which is connected with the Borrower for the purposes of section 939G of the Corporation Tax Act 2010 (a **Charitable Group Member**) in an amount no greater than 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:

- (i) the amount required to offset or discharge any corporation tax liability (either by the payment of such corporation tax liability or by making a gift aid payment to a Charitable Group Member equal to the Accounting Profit Offset Amount (as defined in the Loan Agreement) or a combination thereof) in respect of the Accounting Profit (as defined in the Loan Agreement), less
- (ii) any retained profits of the Issuer (which, for the avoidance of doubt, does not include any amounts required to meet any payment obligations of the Issuer under the Conditions or any Transaction Documents) available to the Issuer (after all taxes thereon have been paid) and which it intends to apply in respect of such gift aid payment and/or corporation tax liability.

In the same accounting period or, where the Issuer makes a valid claim under section 199 of the Corporation Tax Act 2010, within nine months of the end of that accounting period, the Issuer will (if applicable) make a gift aid payment to a Charitable Group Member in an amount equal to the Accounting Profit Offset Amount (as defined in the Loan Agreement).

See "*Description of the Loan Agreement – 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 (the **Account Bank**), its custodian in respect of its Permitted Investments (the **Custodian**) and its custodian in respect of the Retained Bonds (the **Retained Bond Custodian**) pursuant to the Account Agreement, the Custody Agreement and the Retained Bond Custody Agreement, respectively.

Pursuant to the Account Agreement, the Account Bank maintains 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 maintains 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 maintains 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.

**Underlying Security:**

Pursuant to each Fixed Charge, the Borrower has charged and will charge by way of first fixed charge (which so far as it relates to land in England and Wales the legal title to which is vested in the Borrower at the date of such Fixed Charge will be a charge by way of legal mortgage) in favour of the Security Trustee for the benefit of itself and the Issuer in respect of its obligations under the Loan Agreement, all the Borrower's right, title and interest from time to time in, to and under each of the following present and future assets:

- (a) the real property specified therein; and
- (b) *inter alia*, all plant and machinery of the Borrower which form part of the Real Property and the benefit of the Insurances (as defined in the Fixed Charges) and all present and future licences, consents and authorisations in respect thereof,

and pursuant to each Fixed Charge, the Borrower has assigned and agrees to assign by way of security to the Security Trustee for the benefit of itself and the Issuer in respect of its obligations under the Loan Agreement, all the Borrower's rights, title and interest in, to and under certain agreements and covenants held by the Borrower as more particularly described in the Fixed Charges and has covenanted that it will, following the occurrence of an Enforcement Event (as defined in the Fixed Charges) which is continuing unremedied or unwaived, deliver to the Security Trustee (or procure delivery of) an assignment notice duly executed by, or on behalf of, the Borrower in respect of any asset which is the subject of such an assignment promptly upon the request of the Security Trustee from time to time, together, the **Underlying Security**.

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 Fixed Charges and the Security Trust Deed*" below.

**Addition, substitution and release of Charged Properties:**

Pursuant to the Security Trust Deed, on or prior to creating a Fixed Charge in respect of any Property for the benefit of the Issuer, the Borrower must, in respect of such security, provide the conditions precedent documents specified therein. In addition, pursuant to the Loan Agreement, the Borrower 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, 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 the Borrower, the Security Trustee shall (subject to receiving an amended Apportionment Certificate from the Borrower and the Issuer in accordance with the Security Trust Deed) release from the relevant Security Documents (and reallocate, if applicable) such Properties forming part of the Issuer's Apportioned Part and substitute such of the Properties as may be selected by the Borrower, provided that the Borrower satisfies the conditions precedent specified in Clause 10.2 (*Substitution of Charged Properties*) of the 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 Properties, 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 the Borrower, the Security Trustee shall release (subject to receiving an amended Apportionment Certificate from the Borrower 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 Issuer's Apportioned Part as may be selected by the Borrower provided that the Borrower 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, the Borrower shall have the right to withdraw such Property from the Issuer's Apportioned Part. In such circumstances the Borrower is obliged to deliver, 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 Agreement, 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 Loan immediately repayable. Pursuant to Clause 9.1 of the Security Trust Deed, the Security Trustee shall only be required to take action to enforce or protect the security created by, or rights arising under, the Loan Agreement if instructed to do so 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 Fixed Charges 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 Fixed Charges 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 Fixed Charges 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 to the Borrower of any amount due and payable under the terms of the Loan Agreement; and
- (h) eighth, in payment of (i) an amount equal to any Accounting Profit Offset Amount and (at the option of the Issuer) an amount no greater than any Permitted Investment Profit or Retained Bond Premium Amount, as the case may be, to any charitable member of the Group and/or (ii) any taxes due and owing by the Issuer to any taxing authority in respect of any Accounting Profit, Permitted Investment Profit or Retained Bond Premium Amount.

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 to the Borrower of any amount due and payable under the terms of the Loan Agreement; and
- (g) seventh, in payment of (i) an amount equal to any Accounting Profit Offset Amount and (at the option of the Issuer) an amount no greater than any Permitted Investment Profit or Retained Bond Premium Amount, as the case may be, to any charitable member of the Group and/or (ii) any taxes due and owing by the Issuer to any taxing authority in respect of any Accounting Profit, Permitted Investment Profit or Retained Bond Premium Amount.

**Covenants:**

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 Certificate received from the Borrower pursuant to the terms of the Loan Agreement and a copy of the consolidated annual reports of the 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 Group, provided that the Issuer shall not be required to hold any such meeting more than once in any calendar year.

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 Agreement, the Fixed Charges 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.

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 Group or perform any act incidental to or necessary in connection with the aforesaid, without the consent of the Bond Trustee.

**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 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 the Borrower's ability to fulfil their obligations under the Bonds and the Loan Agreement, 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 to the market generally.

See "*Risk Factors*" below.

**Rating:**

The Bonds are rated "A3" by Moody's and "A" by Fitch. As of the date of this Prospectus, each of Moody's and Fitch is established in the United Kingdom and is registered under the UK CRA Regulation. As such, each of Moody's and Fitch is included in the list of credit rating agencies published by FCA on its website in accordance with the UK CRA Regulation. As at the date of this Prospectus, neither Moody's nor Fitch is established in the European Union nor has it applied for registration with the CRA Regulation. However, the rating issued by Moody's has been endorsed by Moody's Deutschland GmbH and the rating issued by Fitch has been endorsed by Fitch Ratings Ireland Limited, in each case, in accordance with the CRA Regulation.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Listing and admission to trading:**

Application has been made to the FCA for the New Bonds to be admitted to the Official List and to the London Stock Exchange for the New Bonds to be admitted to trading on the London Stock Exchange's main market.

**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:**

M&G Trustee Company Limited

**Security Trustee:**

M&G Trustee Company Limited

**Borrower:**

Southern Housing

**Selling Restrictions:**

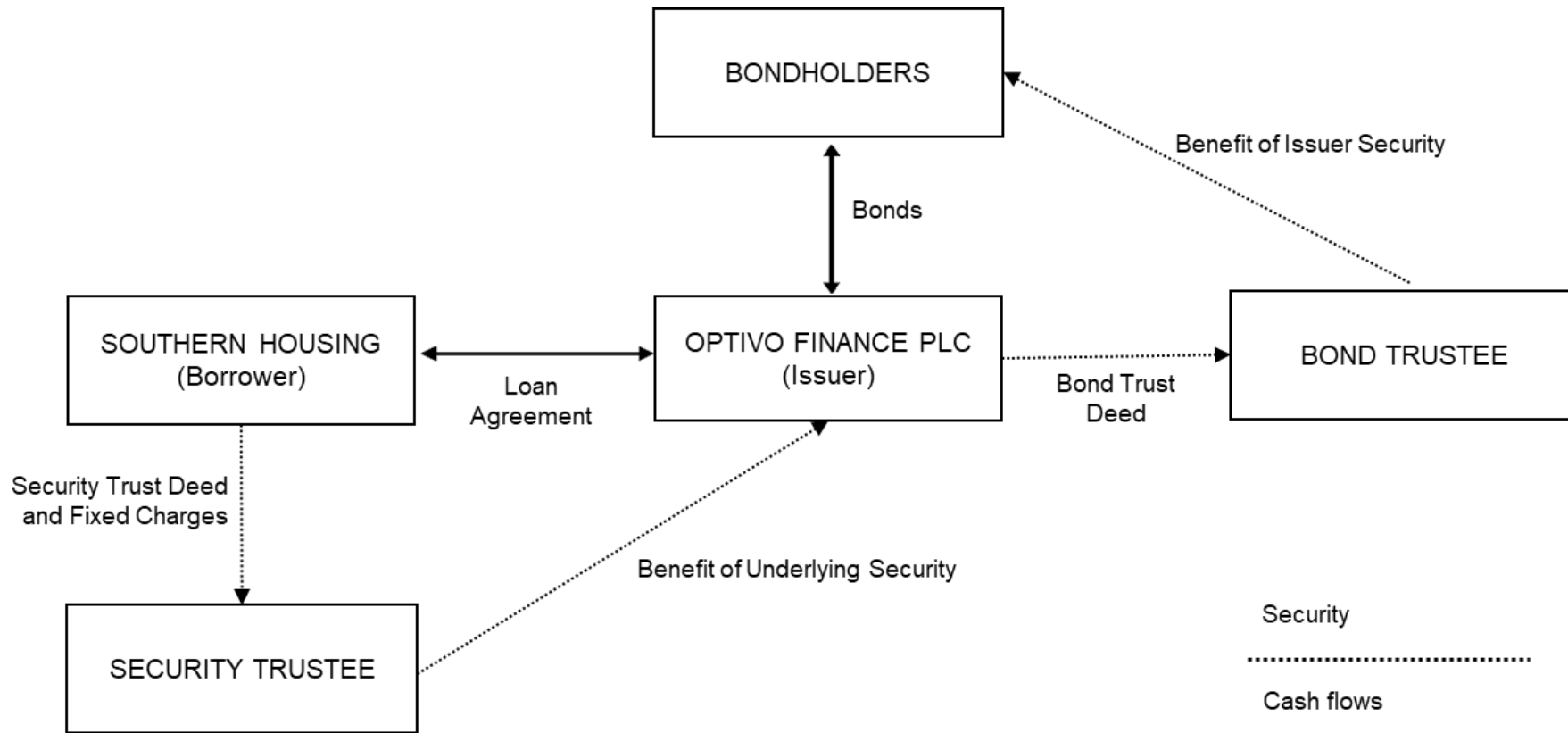
There are restrictions on the offer, sale and transfer of the New Bonds in the United States and the United Kingdom and a prohibition on the sale of any Bonds to EEA and UK retail investors.

**Governing Law:**

The New 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



## RISK FACTORS

*The Issuer believes that the following factors (which include factors which may affect the ability of the Borrower to fulfil its obligations under the Loan Agreement) may affect its ability to fulfil its obligations under the Bonds.*

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

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the New 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 Borrower's business, results of operations, financial condition and/or 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**

#### **A. 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, on-lending the proceeds thereof to or for the benefit of the Group (as such term is defined in the Loan Agreement) and investing in Permitted Investments. As such the Issuer is entirely dependent upon receipt of funds from the Borrower in order to fulfil its obligations under the Bonds.

#### **B. Credit Risk**

The Issuer, and therefore payments by the Issuer in respect of the Bonds, will be subject to the credit risk of the Borrower. 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 Borrower in respect of the Loan Agreement. Delays in the receipt of payments due from the Borrower under the Loan Agreement could adversely affect the ability of the Issuer to fulfil its payment obligations under the Bonds.

#### **C. 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 or collections received in respect of the Loan will be adequate to ensure fulfilment of the Issuer's obligations to the Bondholders in respect of the Bonds on each Interest Payment Date or on the Maturity Date. In addition, a default by the Borrower under the Loan Agreement could ultimately result in the enforcement of the Underlying Security in relation to the Bonds. The proceeds of any such enforcement may be insufficient to cover the full amount due from the Borrower resulting in a shortfall in funds available to repay the Bonds.

## **Factors which may affect the Borrower's ability to fulfil its obligations under the Loan Agreement**

### **A. Risks relating to the Borrower's business activities and industry**

#### **1. Housing Assets**

The Borrower owns, maintains, manages and develops residential accommodation across a range of tenure types, principally homes for social and affordable rent and low cost home ownership. If the Borrower was faced with a material reduction or material shortfall in its rental income compared with its forecasts, material property cost increases which it could not effectively fund or which materially reduced the value of its housing assets, or unforeseen circumstances which made a material proportion of its housing assets unavailable for income generation, this could adversely affect the Borrower's ability to meet its payment obligations on a timely basis under the Loan Agreement and, in turn, the Issuer's ability to meet payment obligations on a timely basis under the Bonds.

#### **2. Rental Demand for the Borrower's Housing Assets**

External factors including economic, demographic, sociological and technological changes, as well as the availability of competing or substitute accommodation, could affect demand for the Borrower's homes. Internal factors including the Borrower's business decisions about the locations, tenures and types of housing assets they choose to build and own, the price point at which they offer them for rent or home ownership, as well as the standard to which they develop and maintain them, could also affect demand. A material reduction in rental demand for the Borrower's homes could adversely affect the Borrower's ability to meet payment obligations on a timely basis under the Loan Agreement and, in turn, the Issuer's ability to meet payment obligations on a timely basis under the Bonds.

#### **3. Change in Government Policy in relation to Social Housing Rent**

By virtue of its investment in, and management of, social housing assets, the majority of the Borrower's properties are social rented (general needs, sheltered housing and supported housing), all of which have limited exposure to housing market downturn risk. The Borrower's social housing letting turnover for the financial year ended 31 March 2023 represented 95 per cent. of its combined turnover.

This income is sensitive to UK Government policy in relation to social housing rent and, in particular, could be affected by policies impacting either the rent the Borrower is able to charge on social housing assets or its ability to recover rents due from residents, such as:

- (a) the rate at which social housing rents may index over time, under powers conferred through the Housing and Regeneration Act 2008. Current policy allows that any increase to social rent or affordable rent must be capped at the lower of (i) 7% or (ii) CPI plus 1 per cent., with limited exceptions for the year ending 31 March 2024. Following 31 March 2024, current policy allows rents to index at CPI+1 per cent. until the 2025/26 financial year;
- (b) a decision on whether and how to reintroduce "rent convergence" for social housing tenancies. The policy of converging rents for similar properties in similar locations to the same level previously ended in April 2015; and
- (c) the rate of increase or decrease of the Local Housing Allowance. This is the rate which is used in some cases to determine the maximum level of housing benefit receivable by residents;
- (d) the availability of benefit payments to support residents unable to otherwise pay rents due. If there is a reduction or termination by the UK 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.

Materially lower rental income could adversely affect the ability of the Borrower to meet its payment obligations on a timely basis under the Loan Agreement which, in turn, may have an adverse effect on the Issuer's ability to meet its obligations to the Bondholders in respect of the Bonds.

#### **4. Social Housing Rent Linked to Market Levels**

The regulatory framework for social housing in England introduced from April 2012 (and revised with effect from 1 April 2015) (the **Regulatory Framework**) issued by the Regulator of Social Housing (the **Regulator**) introduced a new category of social housing rent which allows Registered Providers of Social Housing (**Registered Providers**) to charge rents of up to a maximum of 80 per cent. of the local market rent level on both newly developed stock and on new lettings of a proportion of existing stock as long as it has entered into a housing supply delivery agreement with Homes England (in its capacity as a grant giving authority) and/or Greater London Authority (**GLA**). This rent is known as Affordable Rent and, as at 31 March 2023, there were 5,856 affordable rent tenancies owned and managed by the Borrower. As the rent level is linked to local market levels each time a new tenancy is granted, this has the potential to increase cashflow volatility because rent will fluctuate as the market does.

As at 31 March 2023, the Borrower owned and managed a portfolio of 1,209 units of key worker accommodation. The rent on these homes is also set with reference to the market rent, with discounts ranging between 15 per cent. and 30 per cent., and re-benchmarked annually.

Rental volatility could affect the ability of the Borrower to meet its payment obligations under the Loan Agreement which, in turn, may have an adverse effect on the Issuer's ability to meet its obligations to the Bondholders in respect of the Bonds.

#### **5. Income Collection**

The Borrower's turnover depends on its capacity to collect rents due ("arrears"), and to let properties which are empty while minimising rental income foregone while they are not let ("void losses"). Both depend on effective operations and a sound policy framework. If either arrears or voids increased significantly it could adversely affect the ability of the Borrower to meet its payment obligations on a timely basis under the Loan Agreement.

The Borrower estimates 48 per cent. of general needs and independent living rent is backed by some form of state benefits. As at 31 March 2023, the Borrower's rent arrears were at 5 per cent.

Rising inflation will affect some of the Borrower's tenants and their ability to meet energy bills and rent obligations, which may increase rental arrears and bad debts and could adversely affect the ability of the Borrower to meet its payment obligations on a timely basis under the Loan Agreement which, in turn, may have an adverse effect on the Issuer's ability to meet its obligations to the Bondholders in respect of the Bonds.

In the year ended 31 March 2023, the Borrower's void losses were 1.1 per cent. of its maximum chargeable rent.

#### **6. Energy Efficiency and Decarbonisation**

The Climate Change Act 2008 established a legal framework for delivering greenhouse gas emissions reductions across the UK, including a 2050 carbon reduction target and interim carbon budgets. The Climate Change Act 2008 (2050 Target Amendment) Order 2019 created a legally binding requirement to accelerate reductions from the earlier target, to reduce greenhouse gas emissions by 100 per cent. compared to 1990 levels. This is known as a 'net-zero' target across the UK.

The Clean Growth Strategy published by Government in 2017 set an ambition to upgrade homes across the social housing sector to Energy Performance Certificate (**EPC**) rating Band C or better by 2030. At 31 March 2023 the Borrower owned or managed 16,303 properties with EPC Band D or lower. The Borrower has a fully costed plan of work to address the 2030 target, based upon current cost estimates.

In 2021, the Government launched a Future Buildings Standard consultation which included proposals to improve standards when works such as refurbishment are carried out in existing homes. The outcome of the consultation was published in December 2021 and compliance with the standard will become mandatory in 2025. Interim requirements, by way of amendments to the building regulations for both domestic and non-domestic buildings came into force on 15 June 2022. The Future Buildings Standard is a set of standards that will complement the building regulations to ensure new homes built from 2025 will produce 75-80 per cent. less carbon emissions than homes delivered under current regulations. The proposals are not currently understood to apply retrospectively. If, in future, the requirements were changed to apply retrospectively then the Borrower's costs may rise. If the Borrower was faced with material unforeseen costs in relation to meeting energy efficiency targets which it could not effectively fund, this could have an adverse impact on the Borrower's ability to meet its payment obligations on a timely basis under the Loan Agreement and, in turn, the ability of the Issuer to meet its payment obligations on a timely basis under the Bonds.

## **7. Building Safety**

Following the tragic fire and loss of life and property at Grenfell Tower in the Royal Borough of Kensington and Chelsea in 2017, the Borrower completed fire safety surveys on all of the buildings it owns of more than six storeys. At 31 March 2023, the Borrower had 4,639 high rise buildings of which 83 are over 18 metres and 365 are over 11 metres and under 18 metres. 16 buildings were identified as requiring remediation works. Work has been completed at 4 buildings and is on-going at the remaining 12 buildings. Remediation work on these 16 buildings is expected to be fully completed by 31 March 2024, subject to any further building safety survey findings that may emerge in the future.

The Borrower uses PAS9980 assessments which provide the methodology for the fire risk appraisal of external wall construction and cladding of existing multi-storey and multi-occupied residential buildings. As no reliable estimate of the costs is currently available that would comply with the requirements of FRS102, no provision for the programme has been made in the financial statements for the year ending 31 March 2023. The Borrower's board has approved that the Borrower will not recharge leaseholders for remediation works identified by PAS9980 assessments. A contingent liability exists in the financial statements for the year ending 31 March 2023 following fire risk appraisals of external wall construction and cladding of existing blocks of flats.

Laws, regulations, guidance and advice emerging from the programme place additional requirements upon the Borrower in respect of its housing stock. The Borrower has a fully costed plan of work to address these. Should the applicable standards evolve further or additional remediation work requirements emerge from the Borrower's ongoing inspections of its buildings, the Borrower's anticipated costs of compliance may rise. If the Borrower was faced with material unforeseen renovation, maintenance and modernisation costs which it could not effectively fund, this could have an adverse impact on the Borrower's ability to meet its payment obligations on a timely basis under the Loan Agreement and, in turn, the ability of the Issuer to meet its payment obligations on a timely basis under the Bonds.

## **8. Condensation, Damp and Mould**

Condensation, damp and mould hazards may exist in the Borrower's properties which require corrective action. The Borrower has an action plan to manage condensation, damp and mould instances in its properties and keeps these under review. The Borrower encourages its residents to report

condensation, damp and mould issues and provides advice to residents on managing these hazards. As at 31 March 2023, the Borrower has reviewed all complaints and reports of condensation, damp and mould received since April 2022. In the year ending 31 March 2023, the Borrower received two severe maladministration findings from the Housing Ombudsman following damp and mould investigations. These cases are historic and residents' health was not affected. The findings from any complaints and reports were used to inform and develop the new Southern Housing Damp and Mould Best Practice Action Plan, new Standard Operating Procedure and Framework.

Should the Borrower incur any unexpected significant costs and/or should it fail to comply with any regulatory obligations in relation to condensation, damp and mould, this could have an adverse impact on the Borrower's results from operations and, in turn, the ability of the Borrower to repay to the Issuer the amounts outstanding under the Loan Agreement, and, ultimately, the ability of the Issuer to meet its payment obligations on a timely basis under the Bonds.

#### **9. Cost Inflation Risk**

Against turnover of £565.1 million in its financial year ended 31 March 2023, the Borrower's operating costs were £439.0 million. As developers, owners and operators of residential accommodation, the Borrower has a principal risk exposure to the cost of construction, maintenance and repair of buildings. Costs in this area may increase due to idiosyncratic factors such as changes to materials costs, health and safety regulation and/or energy efficiency regulation.

A sustained period in which cost inflation exceeded income inflation would put the Borrower's business under financial strain and ultimately affect the ability of the Borrower to meet its payment obligations on a timely basis under the Loan Agreement.

#### **10. Development Risk**

Residential property is subject to market and development risk. Market risks include the economic environment and the risk of changes to UK Government regulation, including, but not limited to, regulation relating to building safety, planning, taxation, landlords and tenants and welfare benefits which could affect positively and negatively tenant trends in the United Kingdom. Development of existing sites and acquisition of additional sites may be subject to economic and political conditions, the availability of finance facilities and the cost of facilities where interest rates and inflation may also have an effect. The development of new homes is subject to these risks. Material adverse changes in development market conditions could have an adverse impact on the Borrower's cashflows and therefore its ability to meet its payment obligations under the Loan Agreement which, in turn, could have an adverse impact of the ability of the Issuer to meet its payment obligations under the Bonds.

#### **11. Contractor Risk**

The Borrower depends on an extensive network of contracted parties for its housing development programme. Successful delivery of the development programme, to create new homes for rent and sale, are in part a function of the capacity and capability of these contractors. The impact of inflation has led to challenges in the housing development sector. Five contractors employed across seven of the Borrower's development sites have entered administration. In response, the Borrower promptly took control of affected sites and, where necessary, re-procured contracts. When entering new development contracts, the Borrower prioritises safeguards such as parent company guarantees and performance bonds. Additionally, the Borrower secures insolvency cover to mitigate risks associated with contractor insolvency. A contractor failure, for example, breach of contract or financial default, could leave the Borrower exposed in relation to compliance risks and/or significant financial costs in finding alternative contractors and resolving any issues arising. Any costs incurred by the Borrower in relation to a contractor failure could have an effect on the Borrower's income and cash flow and therefore the Borrower's ability to meet its payment obligations under the Loan Agreement which, in turn, may have

an adverse effect on the Issuer's ability to meet its obligations to the Bondholders in respect of the Bonds.

## **12. Construction Delay Risk**

A delay to completion of an asset under construction represents an income risk as the income anticipated from the asset once completed is delayed to a later date than forecast. Delay also represents a liquidity risk, as anticipated sales and rental income from the completed asset also are received later than forecast. Any delay in receiving the anticipated sales and rental income could have an adverse effect on the Borrower's cash flow and its ability to meet its payment obligations under the Loan Agreement which, in turn, may have an adverse effect on the Issuer's ability to meet its obligations to the Bondholders in respect of the Bonds.

## **13. Current Assets Sales Risk**

The Borrower has exposure to housing market downturn risk through shared ownership first tranche sales and open market sales. In its financial year ended 31 March 2023, the income on sale by the Borrower of these assets was £39.7 million compared to total turnover for the year of £565.1 million. The impact of inflation and the rising cost of living on the wider economy and employment in areas where the Borrower builds homes may significantly reduce market confidence and demand as well as reduce sales values. At 31 March 2023, the Borrower had 257 unsold shared ownership properties and 40 unsold open market sales properties. The exposure to market risk could have an impact on the Borrower's ability to meet its payment obligations under the Loan Agreement and, accordingly, on the Issuer's ability to meet its payment obligations under the Bonds.

## **14. Fixed Assets Sales Risk**

The Borrower sells its residual equity interest in shared ownership homes, after first tranche sales, to lessees in further tranches over time ("staircasing"). This gives the Borrower exposure to demand for staircasing. If lessees were to slow down their rate of staircasing then the Borrower's capital receipts (on the unsold tranches to be sold) would be delayed but rental income (on the unsold tranches) would continue to be received.

The Borrower reviews its existing housing stock regularly and disposes of homes through open market sales and property auctions if it considers they are no longer economically beneficial to own. A downturn in the property market could reduce or delay the proceeds the Borrower realises from such sales.

## **15. Investment Risk**

The Borrower has investment in assets which are not social housing, principally student accommodation but also including a portfolio of small retail units and offices. The financial return, and value, of these assets is driven to a large extent by market factors. Any market volatility in relation to these investments has the potential to reduce income, increase costs or decrease values, any of which has the potential to have an effect on the Borrower's ability to meet its payment obligations under the Loan Agreement which, in turn, may have an adverse effect on the Issuer's ability to meet its obligations to the Bondholders in respect of the Bonds.

## **B. Legal, Regulatory and Health and Safety Compliance Risk**

### **1. Regulatory Risk**

The funding and regulation of housing associations has undergone significant change in recent years.

Changes in the Regulatory Framework could lead to the Borrower facing increased costs in order to comply with the Regulatory Framework which could have an adverse effect on its ability to fund payments under the Loan Agreement. In such circumstances, there would be a consequential adverse effect in respect of the Issuer's ability to fund payments in respect of the Bonds.

In November 2020 the UK Government released a social housing white paper "*The Charter for Social Housing Residents*" that proposed a seven point charter setting out the standards that every social housing resident in England is entitled to expect from their landlord. The Social Housing (Regulation) Act, which received royal assent in 2023, contains the legislative changes that are required in order to grant additional statutory powers to the Regulator and amend its statutory objectives to implement a new consumer regulatory regime.

The Regulator has introduced a new Standard on tenant satisfaction measures, which came into force on 1 April 2023. The Tenant Satisfaction Measures Standard requires Registered Providers to collect and (annually) report prescribed and meaningful tenant satisfaction data, enabling both tenants and the Regulator to better hold social landlords to account for their performance.

The Social Housing (Regulation) Act 2023 also strengthens the role of the Housing Ombudsman in order to provide tenants with a means of complaint and redress for inadequate housing provision by Registered Providers. A revised Complaints Handling Code (the **Code**), setting out good practice for Registered Providers in responding to complaints fairly and effectively, was published in April 2022 and is actively enforced by the Housing Ombudsman.

In July 2023, the Housing Ombudsman Service announced it will carry out a Paragraph 49 investigation into complaint handling at the Borrower. This involves the Housing Ombudsman working with the Borrower over a six-month period to identify areas for improvement.

These measures increase legislative obligations on the Borrower in relation to health and safety and other matters and will also place further reporting obligations on the Borrower in terms of its communications with tenants. It is likely that there will be associated costs for the Borrower in complying with these measures. Please refer to the "*Description of the Regulation and Funding Environment applicable to the Borrower*" for further details of the measures.

Any breach of the new measures once they are in force could lead to the exercise of the Regulator's statutory powers. As part of the new measures, there is an intention to strengthen the Regulator's enforcement powers to tackle failing Registered Providers. This will include removing the cap on the level of fines the Regulator may charge. Any such intervention by the Regulator in respect of the Borrower may affect the ability of the Borrower to meet its payment obligations under the Loan Agreement and could trigger an event of default under its other loan agreements, which could in turn affect the ability of the Issuer to meet its payment obligations under the Bonds.

## **2. Legal and Compliance Risk**

The Borrower knows the significance to its operations of, and is focused on, adhering to all legal and compliance legislation. The Borrower is continually reviewing and updating its policies and procedures to ensure the condition and safety of each property is compliant with prevailing legal and regulatory requirements. The Borrower also carries out health and safety checks of its properties on an on-going basis, including, but not limited to gas safety checks and fire risk assessments. The Borrower is not currently aware of any material failure to adhere to applicable health and safety or environmental laws, litigation or breach of regulatory laws, or failure to comply with corporate, employee or taxation laws that has not already been reported and accounted for. To date, claims made against the Borrower have not had a material impact on the revenue or business of the Borrower.

If there was any material litigation in the future or any material failure to comply with relevant legislation or regulations, this could have cost implications for the Borrower and an adverse impact on the Borrower's results or operations, which could adversely affect its ability to comply with its payment



obligations under the Loan Agreement, which in turn, could affect the ability of the Issuer to meet its payment obligations to Bondholders in respect of the Bonds.

## **C. Risks relating to the Borrower's Financial Situation**

### **1. Capital Resources Risk: Long Term Debt Funding**

The Borrower raises long term funding by borrowing from a range of public and private debt market sources including the Issuer. The Borrower's and the Issuer's ability to raise attractively priced long term debt in the public capital markets could be adversely affected by public debt capital markets conditions, general perception of credit risk in the social housing sector and specific perception of the Issuer's and Borrower's credit risk, such as a reduction in their respective credit ratings which could increase the cost of accessing the public and private debt markets. If the Borrower were unable to raise long term debt in the public capital markets, or if the cost of debt issuance were to rise or the terms to become onerous, this could affect the Borrower's profitability and ability to meet their payment obligations under the Loan Agreement which, in turn, may have an adverse effect on the Issuer's ability to meet its obligations to the Bondholders in respect of the Bonds.

### **2. Capital Resources Risk: Liquidity and Medium Term Debt Funding**

To mitigate liquidity risk and augment its capital resources, the Borrower relies on financing through committed lines of credit from major banks and building societies and through secured and unsecured term and revolving credit facilities. The Borrower could find itself unable to access sources of financing if bank or building society lines become unavailable to it (for example, if banks and building societies are unable to provide new facilities, or extend existing facilities, or to meet commitments to provide funds under existing committed lines). This may affect the Borrower's ability to meet its payment obligations under the Loan Agreement which, in turn, may affect the Issuer's ability to meet its payment obligations under the Bonds.

### **3. Interest Rate Risk**

The Borrower is subject to interest rate risk in respect of its variable rate borrowing although the 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.

### **4. Housing Grant Risk**

The Borrower receives grant funding from a variety of sources, including Homes England and the GLA. Due to the nature of grant funding, there is a risk the amount of funding available and the terms of grants will vary. Following approval of a grant there is a risk Homes England and/or the GLA may revise the terms of a grant and reduce entitlement, suspend or cancel any instalment of such a grant. In certain circumstances (including, but not limited to, failure to comply with conditions or a disposal of the property funded by a grant), the grant may be required to be repaid or reused. Any such reduction in, or withdrawal of, repayment or re-use of grant funding could adversely impact the future development and/or the financial standing of the Borrower and, accordingly, its ability to make repayment due under the Loan Agreement which, in turn, could adversely affect the Issuer's ability to make payments on the Bonds.

### **5. Insurance Risk**

The Borrower insures its business and assets against such risks and to such extent as is usual for Registered Providers. The Borrower 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 Borrower considers to be prudent for the type of business in which the Borrower is engaged and commensurate

with Registered Providers of a similar size. However, it is possible the Borrower's insurance cover may prove inadequate in the event insurance limits are exceeded, or if the policy of insurance does not extend to cover the specific circumstances of a case. In such cases the Borrower could be exposed to significant financial costs which could affect the Borrower's profitability and ability to meet its payment obligations under the Loan Agreement which, in turn, may have an adverse effect on the Issuer's ability to meet its obligations to the Bondholders in respect of the Bonds.

## **6. Property Securitisation**

The Borrower secures the majority of its long term debt finance and standalone financial derivatives with charges over property assets. The number of properties available to secure debt increases as and when the Borrower completes its construction of new housing stock. If the Borrower were unable to charge properties on a timely basis or if there were a decline in valuation of properties that are already in charge or to be charged, that may affect the Borrower's ability to raise attractively-priced debt finance, which could affect the Borrower's profitability and ability to meet its payment obligations under the Loan Agreement which, in turn, may have an adverse effect on the Issuer's ability to meet its obligations to the Bondholders in respect of the Bonds.

## **7. Defined Benefit Pensions Risk**

The Borrower participates in the following defined benefit pension schemes:

- the Optivo Defined Benefit Pension Scheme administered by the Pensions Trust (**ODBPS**);
- Horizon Housing Group Pension Scheme (**HHGPS**);
- The Southern Housing Group Pension Plan (**SHGPP**);
- the East Sussex County Council Pension Fund (**ESPF**);
- the Kent County Council Scheme (**KPF**); and
- the Isle of Wight Pension Scheme (**IWPF**).

The defined benefit structure for each scheme is closed to new members.

**ODBPS:** ODBPS is a scheme administered by TPT Retirement Solutions (**TPT**) which was created when the Borrower transferred certain assets and liabilities associated with its members out of the Social Housing Pension Scheme (**SHPS**). As at 31 March 2023, the position of the Borrower in the ODBPS was assessed to be £14,092,000 in deficit on an FRS102 basis. TPT are currently undertaking a benefit review and have asked the Court for a determination on whether historic changes to the TPT rules and SHPS scheme documents were validly made. If there is a finding that the changes were not valid, this could result in the liabilities of the Borrower in ODBPS increasing, necessitating additional payments into the scheme. The outcome of the benefit review will not be known until at least 2024.

**HHGPS:** The HHGPS is a scheme specific to current and former employees of the Borrower. As at 31 March 2023, the position of the Borrower in the HHGPS was assessed to be £5,244,000 in surplus on an FRS102 basis.

**SHGPP:** The SHGPP is a plan specific to current and former employees of the Borrower. It has two sections, the 1964 section and the 2017 section. In the 1964 section, the position of the Borrower was assessed to be £3,678,000 in surplus on a FRS102 basis as at 31 March 2023. In the 2017 section, the position of the Borrower was assessed to be £1,868,000 in deficit on an FRS102 basis as at 31 March 2023.

**LGPS:** The LGPS is a public sector pension scheme independently administered locally through various regional pension funds in accordance with the LGPS Regulations 2013. The LGPS is a defined benefit

scheme which is currently based on average revalued earnings over a member's career. ESPF, KPF and IWPF are all LGPS schemes and the funding positions of each scheme have been set out below.

*ESPF:* As at 31 March 2023, the position of the Borrower in the ESPF was assessed to be £8,222,000 in surplus on an FRS102 basis.

*KPF:* As at 31 March 2023, the position of the Borrower in the KPF was assessed to be £718,000 in surplus on an FRS102 basis.

*IWPF:* As at 31 March 2023, the position of the Borrower in the IWPF was assessed to be £730,000 in surplus on an FRS102 basis.

*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 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 Borrower always carefully considers the pension implications of restructuring proposals and wherever possible ensures such restructurings are organised to avoid material pension liabilities crystallising.

There is also a risk the Borrower could be required to contribute to pension schemes on the basis 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 Borrower if it is, or is connected/associated with, a defined benefit scheme, 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 it was either:

- (a) 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; or
- (b) 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
- (c) 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 the Borrower has a statutory defence.

This a wide power and means that the Pensions Regulator does not have to show an intention to prevent the recovery of an employer debt to the pension scheme under section 75 of the Pensions Act 1995. This power applies retrospectively to acts or failures to act which occurred on or after 14 April 2008.

In addition, a contribution notice can also be issued where the Borrower is party to an act or failure to act which would materially reduce a scheme's recoveries if there were an employer insolvency or an act or failure which would materially reduce the employer's resources relative to its section 75 debt.

A financial support direction could be served on the Borrower if the Borrower is connected to/associated with a defined benefit scheme where the employer is insufficiently resourced or where the employer is a service company (i.e. a company whose turnover is solely or mainly derived from providing services to other group companies). An employer is deemed to be insufficiently resourced pursuant to the Pensions Act 2004 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 at that time there is a connected or associated person or persons with sufficient resources (or connected or associated persons with sufficient aggregate resources) to meet at least 50 per cent. of the pension scheme's deficit when combined with the employer's resources.

However, the Pensions Regulator can only issue a contribution notice or financial support direction where it considers that it is reasonable to do so, having regard to a number of factors. If a contribution notice or financial support direction were to be issued against the Borrower, this could adversely affect the Borrower's ability to fulfil its obligations under the Loan Agreement which, in turn, may have an adverse effect of the Issuer's ability to meet its obligations to the Bondholders in respect of the Bonds.

## **8. Margin Call Risk**

The Borrower makes use of standalone financial derivatives with swap counterparties to manage its interest rate risk. As interest rates fall, the Borrower can be required to provide collateral to reduce the exposure a swap counterparty has to the Borrower. All current swap counterparties of the Borrower permit it to provide property as collateral.

## **D. Risks relating to the Borrowers' operating environment**

### **1. COVID-19 and pandemic events**

The outbreak, or threatened outbreak, of any severe communicable disease such as COVID-19 (commonly referred to as coronavirus) and regulators' or market fears about the same, may adversely affect the business of the Borrower. As at the date of this Prospectus, the Borrower is continuing to monitor impact of COVID-19, associated public health measures and the impact, if any, on its operations. The Borrower has taken, and continues to take, preparations and precautions to address the potential impact of the disease on its workforce, residents and tenants, and will continuously monitor the situation to ensure those preparations and precautions are regularly updated as necessary having regard to national scientific and health advice.

The impact of the Covid-19 pandemic has prompted significant changes in operational practices for businesses in the UK. The Borrower has adapted to remote work and hybrid models. However, these new working practices also present a range of potential risks.

#### *Offices and Overhead Costs:*

- The increased prevalence of remote work may lead to decreased demand for office spaces.
- The ongoing need to maintain office facilities and utilities for a potential hybrid model could impose a higher financial burden on the Borrower.
- Implementing and maintaining remote work infrastructure may incur higher expenses for the Borrower.

#### *Hybrid Working Risks and Issues:*

- Adapting to remote working practices could result in reduced revenue, potentially impacting the overall financial health of the Borrower.
- The coexistence of on-site and remote employees may pose communication challenges, potentially affecting the efficiency of interactions, increasing the risk of error and fraud.
- Coordinating work across different locations under a hybrid model may introduce difficulties in scheduling meetings and collaborative activities.

#### *Staff Retention:*

- Businesses may face increased competition from other companies that offer attractive remote work options, potentially leading to challenges in retaining employees.
- Employee preferences for a flexible work environment may result in a loss of talent for the company.

Any or all of these may have an effect on the Borrower's ability to meet its payment obligations to the Issuer under the Loan Agreement which, in turn, may have an adverse effect of the Issuer's ability to meet its obligations to the Bondholders in respect of the Bonds.

### **2. *Russian Invasion of Ukraine***

Russia began its invasion of Ukraine in February 2022.

As the business of the Borrower is focused on providing social housing in the UK, the direct impact of the invasion on the Borrower and the Group is expected to be relatively limited. However, the invasion has the potential to impact the world economy and financial markets. Oil and gas prices have increased due to the invasion and a price hike in these commodities could lead to rising inflation. Rising inflation could affect some of the Borrower's tenants and their ability to meet rent obligations, which may increase rental arrears and bad debts.

Any of these effects of the invasion, and others that cannot be anticipated, could adversely affect the business of the Borrower and the Group, and/or the value of Sterling, and thus impact on the Borrower's ability to meet payment obligations on a timely basis under the Loan Agreement and, in turn, the Issuer's ability to meet payment obligations on a timely basis under the Bonds and/or the market value and/or the liquidity of the Bonds in the secondary market.

### **3. *Disruption of Business Activities***

If there was an occurrence in the Borrower's geographical operating areas of a material event or series of events such as industrial accidents, environmental pollution, acts of terrorism, natural disasters or other unforeseen events, whether or not directly attributable to the Borrower's housing assets, which collectively had a material impact on the availability of the Borrower's housing stock for income generation, this could adversely affect the Borrower's ability to meet payment obligations on a timely basis under the Loan Agreement and, in turn, the Issuer's ability to meet payment obligations on a timely basis under the Bonds.

## **E. *Internal Control Risk***

### **1. *Cyber Security and Data Quality Risks***

The Borrower is heavily dependent on maintaining electronic data in a secure and accessible way. Loss of key data – for example on rent collection or contracts in place – could lead to significant operational challenges and costs. Poor quality data could lead to operational failings, impaired decision making and fines, and could put residents at risk. Ultimately, this could have a negative impact on the Borrower's revenues and its ability to meet its payment obligations under the Loan Agreement and, in turn, the Issuer's ability to meet its payment obligations under the Bonds.

### **2. *Business Interruption***

The Borrower relies upon internet-based communication to undertake the majority of its financial transactions and banking services. The Borrower operates flexible working arrangements for its staff, working in part in the Borrower's offices as well as remotely. A major disruption in internet services or

another event that renders its staff unable to work effectively or unable to complete financial transactions on a timely basis could affect the Borrower's ability to meet its payment obligations under the Loan Agreement and, ultimately, the Issuer's ability to meet its payment obligations on a timely basis under the Bonds.

### **3. Fraud and Error**

The Borrower operates a system of internal controls including three lines of defence control framework, approved delegations and transaction authorisation procedures in order to reduce the risk of fraud or error. However, if a material fraud or error were to occur that the Borrower failed to control, rectify or mitigate, it could affect the Borrower's ability to meet its payment obligations under the Loan Agreement which, in turn, may have an adverse effect on the Issuer's ability to meet its obligations to the Bondholders in respect of the Bonds.

### **4. Permitted Reorganisations**

The Borrower, itself the product of an Amalgamation, has in the past, merged, and it may, in the future, merge, with other businesses or make business acquisitions that could impact on the performance and risk profile of the Group and, in particular, the Borrower.

The Loan Agreement permits the undertaking of Permitted Reorganisations (including amalgamations and transfers of engagements) by the Borrower. In the event of such a reorganisation, the resulting entity's credit risk may change, which may expose the Issuer to increased credit risk under the Loan Agreement which could affect the Issuer's ability to meet its payment obligations under the Bonds. Mergers and acquisitions can involve a number of risks, such as the underlying business performing less well than expected after a merger or an acquisition, the possibility of the integration diverting management's attention, the possible loss of key personnel within the merged or acquired business and other risks inherent in the systems of the merged or acquired business and associated with unanticipated events or liabilities. In addition, the Borrower may incur significant merger or acquisition, administrative and other costs in connection with any such transactions, including costs related to the integration of merged or acquired business. These costs may include unanticipated costs or expenses, legal, regulatory and contractual costs, and expenses associated with eliminating duplicate facilities. All of the factors above could have a material adverse effect on the Borrower's business, results of operations, financial condition or prospects of such merger or acquisition. In turn, this could have a material adverse effect on the ability of the Borrower to meet its payment obligations under the Loan Agreement and, ultimately, the ability of the Issuer to meet its payment obligations on a timely basis under the Bonds.

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

### **A. Interest rate risk**

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.

### **B. Redemption prior to maturity**

In the event that the Bonds become repayable prior to maturity either following the Loan becoming repayable as a result of a Borrower Default (which includes, *inter alia*, failure by the Borrower to make payments of interest under the Loan Agreement) or the Borrower ceasing to be a Registered Provider of Social Housing 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 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.

### **C. 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 (a) 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 the Bonds or any Transaction Document (to which it is a party) or (b) determine without the consent of the Bondholders that any Potential Event of Default or Event of Default shall not be treated as such or (c) agree to the substitution of another company, registered society or other entity as principal debtor under the Bonds in place of the Issuer, in the circumstances described in the 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.

### **D. 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 principal 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.

### **E. Change in Law**

Changes in law may affect the rights of Bondholders as well as the market value of the Bonds. The structure of the issue of the Bonds is based on English law and regulatory and administrative practice in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or regulatory or administrative practice in the United Kingdom after the date of this Prospectus. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Bonds, which may have an adverse effect on an investment in the Bonds.

### **F. 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 Loan Agreement requires that if any withholding or deduction is required by law to be made by the Borrower, the amount of the payment due from the 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*".

#### **G. 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 (a) the Investor's Currency-equivalent yield on the Bonds, (b) the Investor's Currency-equivalent value of the principal payable on the Bonds and (c) 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.

#### **Risks Relating to the Security of the Bonds**

##### **A. Considerations relating to the Issuer Security and the Underlying Security**

The validity of any security given by the Borrower in connection with additions and substitutions of Charged Properties may depend on the solvency of the Borrower at the time of the grant. If any security is found to be invalid as a result, this will affect the amounts available to Bondholders in the event of a default under the Bonds.

##### **B. Environmental Considerations**

Under relevant UK environmental legislation, liability for environmental matters can be imposed on the "owner" or any "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 Borrower 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 Borrower to meet its payment obligations under the Loan Agreement and, in turn, the ability of the Issuer to meet its payment obligations under the Bonds.

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 Borrower's ability to sell, lease or refinance the Charged Property. Any



environmental liability imposed on the Borrower could also affect the ability of the Borrower to meet its payment obligations under the Loan Agreement and, in turn, the ability of the Issuer to meet its payment obligations under the Bonds.

### **C. 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 Borrower's payment obligations under the Loan Agreement and, in turn, a shortfall in funds available to meet the Issuer's payment obligations under the Bonds.

### **D. Investment of Retained Proceeds in Permitted Investments**

For so long as any part of the net proceeds of the issue of the New Bonds remains undrawn pursuant to the Loan Agreement, 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 in accordance with the Custody Agreement.

Although Permitted Investments are limited to highly rated securities which satisfy certain specified criteria (which, other than with respect to the Benchmark Gilt, includes a requirement that the investments have a maturity date which is no later than 13 March 2043), 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 the Borrower pursuant to the 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 are passed on to the Borrower pursuant to the terms of the Loan Agreement 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) the 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 Borrower's compliance with the Asset Cover Test, the value of such Permitted Investments will be the purchase price thereof and the Borrower 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 Properties being charged with an aggregate Minimum Value equal to the principal amount of the Bonds and/or at a time when the Permitted Investments have been acquired with the Charged Disposal Proceeds or otherwise charged by the 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.

## **E. 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. English law 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.

## **F. 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. In such circumstances the Security Trustee may incur further costs and expenses which will be recoverable by it from the enforcement proceeds prior to any payment being made to Issuer, thereby reducing the amounts available to the Issuer to pay amounts owing under the Bonds.

## **G. Moratorium and housing administration**

The Security Trustee must notify the Regulator of its intention to enforce its security and cannot enforce its security during the resulting moratorium without the consent of the Regulator. This may adversely affect the Security Trustee's ability to enforce the security over the Charged Properties.

The Security Trustee's ability to enforce the security over the Charged Properties may also be adversely affected for so long as any housing administration order is in place in respect of the Borrower or could result in a housing administrator disposing of Charged Property belonging to the Borrower at a time when proceeds are not sufficient to discharge the Borrower's obligations under the Loan Agreement.

## **Risks Relating to the Market Generally**

### **A. Potential Limited Liquidity**

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

### **B. Credit ratings may not reflect all risks**

The Bonds are rated "A3" by Moody's and "A" by Fitch. These ratings 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.

As at the date of this Prospectus, each of Moody's and Fitch is established in the UK and is registered under the UK CRA Regulation. As such, each of Moody's and Fitch is included in the list of credit rating agencies published by the FCA on its website in accordance with the UK CRA Regulation. As at the

date of this Prospectus, neither Moody's nor Fitch is established in the EU nor has it applied for registration with the CRA Regulation. However, the rating issued by Moody's has been endorsed by Moody's Deutschland GmbH and the rating issued by Fitch has been endorsed by Fitch Ratings Ireland Limited, in each case, in accordance with the CRA Regulation.

In general, UK and European regulated investors are restricted under the UK CRA Regulation and the CRA Regulation, respectively, from using credit ratings for regulatory purposes, unless such ratings are issued by (or endorsed by) a credit rating agency established, as applicable, in the UK or the EU and registered under, as applicable, the UK CRA Regulation or the CRA Regulation (and such registration has not been withdrawn or suspended). If the status of Moody's, Moody's Deutschland GmbH, Fitch and/or Fitch Ratings Ireland Limited changes, UK and European regulated investors may no longer be able to use the relevant rating for regulatory purposes and the Bonds may have a different regulatory treatment. This may result in UK and European regulated investors, as applicable, selling Bonds held by them which may have an impact on the value of the Bonds in the secondary market.

## TERMS AND CONDITIONS OF THE NEW BONDS

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

The £100,000,000 5.25 per cent. Secured Bonds due 2043 (the **New Bonds** and, together with the Existing Bonds (as defined below), the **Bonds**, which expression shall in these Conditions, unless the context otherwise requires, include any further bonds issued pursuant to Condition 19 (*Further issues*) and forming a single series with the Bonds) of Optivo Finance plc (formerly AmicusHorizon Finance plc) (the **Issuer**) are constituted by a Second Supplemental Bond Trust Deed (as modified and/or supplemented and/or restated from time to time, the **Second Supplemental Bond Trust Deed**) dated 8 September 2023 made between the Issuer and M&G Trustee Company Limited (previously 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**) 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 Second Supplemental Bond Trust Deed is supplemental to (a) the Bond Trust Deed dated 13 March 2012 (the **Original Bond Trust Deed**) between the Issuer and the Bond Trustee constituting the £150,000,000 5.25 per cent. Secured Bonds due 2043 (the **Original Bonds**) issued by the Issuer on 13 March 2012 and (b) the Supplemental Bond Trust Deed dated 11 March 2022 (together with the Original Bond Trust Deed, the **Existing Bond Trust Deed** and, together with the Second Supplemental Bond Trust Deed and as modified and/or supplemented and/or restated from time to time, the **Bond Trust Deed**) between the Issuer and the Bond Trustee constituting the £150,000,000 5.25 per cent. Secured Bonds due 2043 (the **Second Tranche Bonds** and, together with the Original Bonds, the **Existing Bonds**) issued by the Issuer on 11 March 2022. The New Bonds are consolidated and form a single series, and rank *pari passu*, with the Existing Bonds.

The Bonds have the benefit of an Agency Agreement dated 13 March 2012, as supplemented by a Supplemental Agency Agreement dated 11 March 2022 and a Second Supplemental Agency Agreement dated 8 September 2023, (as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) 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 Agreement, the Fixed Charges (as defined below) and the Security Trust Deed (as defined below) 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 New Bonds at 10 Fenchurch Avenue, London EC3M 5AG and at the specified office of each of the Paying Agents. The Bondholders 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 13 March 2012 and made between the Issuer, the Bond Trustee and the Account Bank, as supplemented on 11 March 2022 and 8 September 2023 and as further 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 Agreement;

**Accounting Profit Offset Amount** has the meaning given to it in the Loan Agreement;

**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;

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

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

**Borrower** means Southern Housing (formerly as its predecessor entities, Optivo and AmicusHorizon Limited), as borrower under the Loan Agreement;

**Borrower Default** has the meaning given to it in the Loan Agreement;

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

**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 Borrower's compliance with the Asset Cover Test (as defined in the Loan Agreement), the value to be attributed to such Permitted Investments shall be the purchase price thereof;

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

**Compliance Certificate** has the meaning given to it in the Loan Agreement;

**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 relating to the Permitted Investments dated 13 March 2012 and made between the Issuer, the Bond Trustee and the Custodian, as supplemented on 11 March 2022 and 8 September 2023 and as further 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;

**Fixed Charges** means the fixed charge dated 13 March 2012 and 11 March 2022 and made between the Borrower and the Security Trustee pursuant to which the Borrower provides security in respect of its obligations under the Loan Agreement and any additional fixed charges entered into between the Borrower and the Security Trustee substantially in the form set out in the Security Trust Deed pursuant to which the Borrower provides security in respect of its obligations under the Loan Agreement;

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

**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;

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

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

**Loan** means the loan made by the Issuer to the Borrower pursuant to the terms of the Loan Agreement;

**Loan Agreement** means the bond loan agreement dated 13 March 2012 between the Issuer, the Borrower and the Security Trustee, as supplemented on 11 March 2022, 19 December 2022 and 8 September 2023;

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

**New Bond Issue Date** means 8 September 2023;

**New Retained Bonds** means the £100,000,000 in principal amount of the New Bonds purchased by the Issuer on the New Bond Issue Date;

**Original Issue Date** means the issue date of the Original Bonds, being 13 March 2012;

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

**Permitted Investments** has the meaning given to it in the Loan Agreement;

**Permitted Investment Profit** has the meaning given to it in the Loan Agreement;

**Permitted Reorganisation** has the meaning given to it in the Loan Agreement;

**Potential Event of Default** means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the forming of an opinion and/or the fulfilment of any similar condition, would constitute an Event of Default;

**Registered Provider of Social Housing** has the meaning given to it in the Loan Agreement;

**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 or Coupons.

**Retained Bond Premium Amount** has the meaning given to it in the Loan Agreement;

**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 13 March 2012 and made between the Issuer, the Bond Trustee and the Retained Bond Custodian, as supplemented on 11 March 2022 and 8 September 2023 and as further amended and/or supplemented and/or restated from time to time;

**Retained Bonds** means the Original Retained Bonds, the Second Tranche Retained Bonds and the New Retained Bonds;

**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 the Borrower pursuant to the 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 the Borrower pursuant to the Loan Agreement immediately following receipt thereof by the Issuer and have not subsequently been advanced to the Borrower (if any);

**Second Tranche Issue Date** means the issue date of the Second Tranche Bonds, being 11 March 2022;

**Second Tranche Retained Bonds** means the £150,000,000 in principal amount of the Second Tranche Bonds purchased by the Issuer on the Second Tranche Issue Date;

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

**Security Trust Deed** means the security trust deed dated 23 February 2012 between, *inter alios*, the Borrower and the Security Trustee (as consolidated, amended and restated on 19 December 2022 and as further amended from time to time);

**Security Trustee** means M&G Trustee Company Limited (previously 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 Agreement, 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; and

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

## **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 Coupons and Talons attached on issue. No Bonds will be issued with a denomination above £199,000. Title to the Bonds 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 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 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 Agreement, the Security Trust Deed, the Fixed Charges, 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 to the Borrower of any amount due and payable under the terms of the Loan Agreement; and
- (h) eighth, in payment of (i) an amount equal to any Accounting Profit Offset Amount and (at the option of the Issuer) an amount no greater than any Permitted Investment Profit or Retained Bond Premium Amount, as the case may be, to any charitable member of the Group and/or (ii) any taxes due and owing by the Issuer to any taxing authority in respect of any Accounting Profit, Permitted Investment Profit or Retained Bond Premium Amount.

## 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 to the Borrower of any amount due and payable under the terms of the Loan Agreement; and
- (g) seventh, in payment of (i) an amount equal to any Accounting Profit Offset Amount and (at the option of the Issuer) an amount no greater than any Permitted Investment Profit or Retained Bond Premium Amount, as the case may be, to any charitable member of the Group and/or (ii) any taxes due and owing by the Issuer to any taxing authority in respect of any Accounting Profit, Permitted Investment Profit or Retained Bond Premium Amount.

## 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 Group (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 Certificate promptly upon receipt of the same from the Borrower pursuant to the terms of the Loan Agreement;
- (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 Borrower (if any) promptly upon publication of the same by the Borrower; and
- (c) at the request of Bondholders holding not less than 33 per cent. in principal 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 Group, provided, however, that the Issuer shall not be required to convene any such meeting pursuant to this Condition 6.2(c) more than once in any calendar year. 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 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 Agreement, Fixed Charges 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 Agreement, the Fixed Charges 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 New Bonds bear interest from (and including) 13 March 2023 at the rate of 5.25 per cent. per annum, payable semi-annually in arrear in equal instalments on 13 March and 13 September in each year (each, an **Interest Payment Date**) commencing on 13 September 2023.

### 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 principal amount of the Bonds.

## 8 **Payments**

### 8.1 **Payments in respect of Bonds**

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, except that 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.

### 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 Coupons**

Each Bond should be presented for payment together with all relative unmatured 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 Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured 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 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 Coupon would otherwise have become void pursuant to Condition 11 (*Prescription*)) or, if later, five years after the date on which the 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 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 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 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 at Maturity

Unless previously redeemed or purchased and cancelled as specified in these Conditions, the Bonds will be redeemed by the Issuer at their principal amount on 13 March 2043.

### 9.2 Early Redemption

Subject to Condition 9.4 (*Mandatory Early Redemption*) below, if in accordance with the Loan Agreement, the Borrower elects to prepay the Loan in whole or in part prior to the repayment date specified in the Loan Agreement or the Loan otherwise becomes prepayable in whole or in part prior to the repayment date specified in the Loan Agreement (other than as a result of the Bonds becoming due and repayable), then the Issuer shall redeem the Bonds in whole or, in respect of a prepayment in part, in an aggregate principal amount equal to the nominal amount of the Loan to be repaid on the date which is two Business Days after that on which payment is made by the Borrower under the 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) par; 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 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 sum of (i) the Gross Redemption Yield at 3:00 pm (London time) on the Determination Date of the Benchmark Gilt and (ii) 0.20 per cent.,

together with any interest accrued up to (but excluding) the Loan Prepayment Date. For the purposes of this Condition:

**Benchmark Gilt** means the 4½% Treasury Gilt 2042 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 8 June 1998 and updated on 15 January 2002 and 16 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 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 the Loan becomes repayable:

- (a) as a result of a Borrower Default; or
- (b) following the Borrower ceasing to be a Registered Provider of Social Housing (other than if the Borrower regains its status as a Registered Provider of Social Housing within 180 days),

then the Issuer shall redeem the Bonds in full at their principal amount, plus accrued interest to (but excluding) the date on which the Loan is repaid (the **Loan Repayment Date**), on the date which is two Business Days after the Loan Repayment Date.

### 9.5 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 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 principal amount of the Bonds which will be outstanding after the partial redemption.

### 9.6 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.

#### **9.7 Purchase of Bonds by the Borrower or members of the Group**

The Borrower and any other member of the Group (other than the Issuer) may at any time purchase Bonds in the open market or otherwise at any price. Following any such purchase, the Borrower or such member of the Group, as the case may be, must surrender the Bonds to the Issuer for cancellation. An amount equal to the principal amount of the Bonds being surrendered shall be deemed to be prepaid under the Loan Agreement (but, for the avoidance of doubt, without triggering a redemption under Condition 9.2 (*Early Redemption*)) or, to the extent that no Loan is then outstanding, an amount of the Undrawn Commitment equal to the Outstanding Balance of the Bonds surrendered shall be deemed to be cancelled for the purposes of the Loan Agreement and an amount of Retained Proceeds equal to the Cancelled Retained Proceeds shall be paid by the Issuer to the Borrower or such member of the Group, as the case may be.

#### **9.8 Purchase of Bonds by the Issuer**

The Issuer may not at any time purchase Bonds other than the Retained Bonds.

#### **9.9 Cancellation of purchased or redeemed Bonds**

All Bonds redeemed by the Issuer pursuant to Conditions 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 9.7 (*Purchase of Bonds by the Borrower or members of the Group*) 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 the Borrower, pursuant to the Loan Agreement, to cancel a corresponding amount of the Undrawn Commitment; and
- (b) shall cancel all Retained Bonds held by or on behalf of the Issuer (i) immediately prior to such Retained Bonds being redeemed in accordance with Condition 9.1 (*Redemption at Maturity*), (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*), Condition 9.4 (*Mandatory Early Redemption*) or Condition 12 (*Events of Default and Enforcement*) and (iii) in the case of Original Retained Bonds, on the date falling two years after the Original Issue Date; in the case of the Second Tranche Retained Bonds, on the date falling two years after the Second Tranche Issue Date; and, in the case of the New Retained Bonds, on the date falling two years after the New Bond Issue Date.

### **10 Taxation**

#### **10.1 Payments without withholding**

All payments of principal and interest in respect of the Bonds 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 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 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*).

For the purposes of this Condition:

**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*).

## 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 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 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 the 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 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 in relation to the Bond Trust Deed, the Bonds the Coupons or any of the other Transaction Documents or otherwise 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 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, 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 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, Coupons and Talons

Should any Bond, 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, 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 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 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 Coupons and the Bond Trust Deed of another company, registered 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 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 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 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. in 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 principal amount of the Bonds so held or represented, except that at any meeting the business of which includes any matter defined in the Bond Trust Deed as a Basic Terms Modification, including, *inter alia*, modifying the date of maturity of the Bonds or any date for payment of 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 or the Coupons, the quorum shall be one or more persons holding or representing in aggregate not less than 75 per cent. in 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 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 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 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 Couponholders.

## 17.2 **Modification, Waiver, Authorisation and Determination**

The Bond Trustee may agree, without the consent of the Bondholders, 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 Fixed Charge 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 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 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 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 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 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 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, and neither shall the Bond Trustee be responsible for monitoring the compliance by the Borrower or any of the other parties to the Fixed Charges and the Security Trust Deed of their obligations under the Fixed Charges, 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 or the Couponholders to create and issue further bonds having terms and conditions the same as the Bonds (and backed by the same assets) 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 Agreement, the Agency Agreement, the Account Agreement, the Bonds 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.

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

### Form of the New Bonds

#### *Form, Exchange and Payments*

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

The New Bonds are not intended to be held in a manner which would allow Eurosystem eligibility. Should the Eurosystem eligibility criteria be amended in the future such that the Bonds are capable of meeting them the Bonds may then be deposited with one of the ICSDs as common safekeeper. This does not necessarily mean that the Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

Whilst the New Bonds are represented by the Temporary Global Bond, payments of principal, interest (if any) and any other amount payable in respect of the New 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 and the permanent global bonds representing the Existing Bonds, 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 Permanent Global Bond will be exchangeable (free of charge), in whole but not in part, for definitive Bonds with interest coupons and talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that:

- (a) an Event of Default (as defined in Condition 12 (*Events of Default*)) has occurred and is continuing;



- (b) 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
- (c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bonds represented by the Permanent Global Bond in definitive form.

The Issuer will promptly give notice to Bondholders in accordance with Condition 15 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, as described in (a) and (b) above, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent 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 (c) 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 (other than the Temporary Global Bond) and on all 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 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 more 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 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 more 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 principal amount of such Bonds (the **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal 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 principal amount of such Bonds for all purposes other than with respect to the payment of principal or interest on such principal amount of such Bonds, for which purpose the bearer of the relevant Global Bond shall be treated as the holder of such principal 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 principal 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.

## **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*)).

## **Cancellation**

Cancellation of any Bond represented by a Global Bond and required by the Conditions of the Bonds to be cancelled following its redemption or purchase will be effected by entry in the records of Euroclear or Clearstream, Luxembourg, as the case may be.

## **Partial Redemption**

For so long as all of the Bonds are represented by one or more 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 9.5 (*Notice of Early Redemption*) in the event that the Bonds are to be redeemed in part pursuant to Condition 9.2 (*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.

## **Single Series**

The New Bonds shall be consolidated and form a single series with the Existing Bonds on and from the date on which, and to the extent that, interests in the Temporary Global Bond are exchanged for interests in the Permanent Global Bond, as described above. Such exchange shall not occur earlier than 40 days after the Temporary Global Bond is issued.

## **USE OF PROCEEDS**

The Issuer estimates that the net proceeds of the sale of the New Bonds (excluding the amount representing accrued interest) to be sold pursuant to the Forward Purchase Agreement will be £44,681,000. The net amount of the proceeds of the sale of the remaining New Bonds to a third party will depend on the sale price agreed in respect thereof, which will itself be dependent on market conditions at the relevant time.

The net proceeds from the sale of the New Bonds to the purchasers (after deduction of expenses payable by the Issuer), will be advanced by the Issuer to the Borrower pursuant to the Loan Agreement to be applied in the achievement of the Borrower's objects (including, for the avoidance of doubt, the repayment of any existing indebtedness of the Borrower and any other amounts due and payable thereunder).

## DESCRIPTION OF THE LOAN AGREEMENT

*The following description of the Loan Agreement consists of a summary of certain provisions of the Loan Agreement and is qualified by reference to the detailed provisions thereof. The Loan Agreement is not, however, incorporated by reference into, and therefore does 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 Agreement.*

### Facility

Subject to the provisions of the bond loan agreement dated 13 March 2012 (the **Original Loan Agreement**), as supplemented by the supplemental bond loan agreement dated 11 March 2022, the second supplemental bond loan agreement dated 19 December 2022 and the third supplemental bond loan agreement to be dated the New Bond Issue Date, (as supplemented, the **Loan Agreement**) between the Issuer, the Borrower and the Security Trustee, the Issuer:

- (a) has committed to make a loan to the Borrower in the principal amount of £300,000,000 (the **Existing Commitment**); and
- (b) shall commit to make a further loan to the Borrower in the principal amount of £100,000,000 (the **New Commitment** and, together with Existing Commitment and any further commitments, the **Commitment**).

The **Loan** is the principal amount of the Commitment that has been advanced to the Borrower or the outstanding balance thereof.

The Commitment may be drawn in one or more drawings and the maximum principal amount of each drawing shall be an amount which corresponds to the Minimum Value of the Existing 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 such amount of the Commitment which has previously been drawn.

The New Commitment may not be drawn until the Borrower has satisfied the conditions set out in Clause 10.1 (*Additional Properties*) of the Original Loan Agreement in respect of any drawings of amounts of the New Commitment which exceed the Minimum Value of the Existing Properties. In addition, each of the Issuer and the Borrower have acknowledged that any drawing of the New Commitment shall be subject to the Security Trustee confirming that the relevant amount of Properties (based solely on the relevant Valuation Report provided to it) have been charged in favour of the Security Trustee, for the benefit of the Issuer, to its satisfaction and, in respect of any part of the New Commitment which is to be funded by the Issuer by a sale of Retained Bonds, to receipt by the Issuer of the net sale proceeds thereof.

The New Commitment shall be advanced in an amount equal to the Actual Advance Amount. The Borrower has acknowledged 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 principal 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.

The Issuer and the Borrower have agreed that:

- (a) where the Issuer is required to sell any Permitted Investments to fund a drawing under the Loan Agreement and such sale results in a Permitted Investment Profit, such drawing shall be advanced at the Actual Advance Amount in respect of the principal amount requested and the Issuer may (but is not obliged to) make a gift aid payment to a Charitable Group Member in an amount no greater than the Permitted Investment Profit; 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 (i) the amount required to offset or discharge any corporation tax liability (either by the payment of such corporation tax liability or by making a gift aid payment to a Charitable Group Member equal to the Accounting Profit Offset Amount or a combination thereof) in respect of the Accounting Profit less (ii) any retained profits of the Issuer (which, for the avoidance of doubt, does not include any amounts required to meet any payment obligations of the Issuer under the Conditions or any Transaction Documents) available to the Issuer (after all taxes thereon have been paid) and which it intends to apply in respect of such gift aid payment and/or corporation tax liability. In the same accounting period or, where the Issuer makes a valid claim under section 199 of the Corporation Tax Act 2010, within nine months of the end of that accounting period, the Issuer will (if applicable) make a gift aid payment to a Charitable Group Member in an amount equal to the Accounting Profit Offset Amount.

For the avoidance of doubt:

- (a) the Borrower shall not be required to monitor the market value of any Permitted Investments;
- (b) any difference between the principal amount of a drawing and the relevant Actual Advance Amount shall be ignored in determining the amount of the 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 Borrower have also agreed 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 may (but is not obliged to) make a gift aid payment to a Charitable Group Member in an amount no greater than 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 the Loan Agreement, such drawing shall be advanced at the principal amount requested; and
- (b) where the Issuer is required to sell any Retained Bonds to directly fund a drawing under the Loan Agreement and such sale is made at a discount to the principal amount of such Retained Bonds, such drawing shall be advanced at a discount in an amount equal to the Actual Advance Amount.

For the avoidance of doubt:

- (a) the Borrower shall not be required to monitor the market value of any Retained Bonds; and

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

The Borrower has agreed that, where the Issuer 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 the ability of the Issuer to sell such Retained Bonds to a third party.

For so long as any Retained Bonds are held by or on behalf of the Issuer, the Borrower may request that an amount of the Commitment be cancelled (provided that such amount does not exceed the principal 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 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 Commitments*) of the Original Loan Agreement, the Issuer may make further commitments to the Borrower, each in an amount to be agreed between the Issuer, the Borrower and the Security Trustee, following the issuance of further bonds pursuant to Condition 19 (*Further Issues*).

### **Purpose**

The proceeds of the Loan may only be used by the Borrower in accordance with the Borrower's objects, as permitted by its Rules.

### **Interest**

#### **Rate of Interest**

The Loan carries interest at the rate of 5.25 per cent. per annum, payable in arrear by equal half yearly instalments on each Loan Payment Date (being four Business Days prior to each Interest Payment Date).

The part of the New Loan to be funded by the sale of the New Initial Retained Bonds will carry interest from (and including) 13 September 2023.

#### **Interest Periods**

Notwithstanding the fact that interest is payable on each Loan Payment Date, interest will accrue daily on the Loan from (and including) an Interest Payment Date to (but excluding) the immediately following Interest Payment Date (each, a **Loan Interest Period**).

#### **Commitment Fee**

The Borrower shall pay to the Issuer a commitment fee in respect of the Undrawn Commitment on each Loan Payment Date in an amount, as determined by the Issuer, representing 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 the Loan Agreement 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 Amount**). The commitment fee shall accrue on a daily basis.

## **Repayment, Purchase and Prepayment**

### **Repayment**

The Borrower must repay the Loan in full four Business Days prior to the Interest Payment Date in March 2043 (the **Loan Maturity Date**).

### **Bond Purchase Option**

The Borrower or any other member of the Group 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. Following any such purchase, the Borrower or the relevant member of the Group, as the case may be, must surrender the Bonds to the Issuer to be cancelled. An amount of the outstanding balance of the Loan equal to the outstanding balance 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 Undrawn Commitment equal to the outstanding balance of the Bonds surrendered shall be deemed to be cancelled for the purposes of the Loan Agreement and a corresponding portion of the Retained Proceeds shall be paid by the Issuer to the Borrower or the relevant member of the Group, as the case may be).

### **Optional Prepayment**

Pursuant to Clause 5.3 (*Optional Prepayment*) of the Original Loan Agreement, the Borrower may, at any time on or after the Final Retained Bond Disposal Date and 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 the 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 the Borrower by the Issuer as being the price determined under the Bond Trust Deed for the redemption of a corresponding principal amount of the Bonds over par).

### **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 the Loan Agreement, the 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.

### **Mandatory Prepayment – Cancellation of Status**

Pursuant to Clause 5.6 (*Mandatory Prepayment – Cancellation of Status*) of the Original Loan Agreement, the Borrower shall promptly notify the Issuer and the Security Trustee if it ceases to be a Registered Provider of Social Housing. Within 180 days of such notification, the Borrower shall prepay the whole of the outstanding balance of the Loan, together with any interest and commitment fee accrued up to and including the date of prepayment, provided, however, that if the Borrower regains its status as a Registered Provider of Social Housing within such period of 180 days, the Borrower shall no longer be required to prepay the Loan in accordance with the above-mentioned Clause 5.6 (*Mandatory Prepayment – Cancellation of Status*).

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

In the event that the Borrower elects to, or is otherwise required to, prepay the whole of the outstanding balance of the Loan and the Issuer is required to notify the Borrower of the price determined under the Conditions for the redemption of a corresponding principal amount of the Bonds, then the Issuer shall be entitled to also take account of the redemption of such principal amount of the Bonds 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 the Borrower shall be increased accordingly.

## **Warranties and Covenants**

The Borrower will make various warranties and covenants pursuant to Clause 8 (*Warranties and Covenants by the Borrower*) of the Original Loan Agreement. These warranties and covenants include, *inter alia*, the following:

### **Information Covenants**

The Borrower must supply to the Issuer and the Security Trustee not later than 180 days after the end of each relevant financial year: (i) copies of the consolidated audited financial statements of the Borrower for such financial year; and (ii) a certificate setting out, among other things, calculations in respect of the asset cover ratio substantially in the form set out in Schedule 2 to the Original Loan Agreement (the **Compliance Certificate**) signed by two Authorised Signatories of the Borrower.

The 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 Original 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**

The Borrower shall not create or allow to exist any Security Interest on any of its assets which are Security Assets, except as set out in Clause 8.2(c) (*Negative Pledge*) of the Original Loan Agreement which includes the Security Interests created pursuant to, *inter alia*, the Security Trust Deed and the Fixed Charges and any Security Interests created with the prior written consent of the Issuer or by operation of law.

### **Charged Properties**

The Borrower shall (a) obtain 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 (b) maintain insurances on and in relation to its Charged Properties.

### **Covenants**

The Borrower shall (unless the Security Trustee otherwise agrees in writing) comply with any covenants or restrictive covenants relating to a Charged Property which are binding on it.

### **Asset Cover Ratio**

Pursuant to Clause 9 (*Asset Cover Ratio*) of the Original Loan Agreement the Borrower shall procure that at all times the sum of:

- (a) the Minimum Value of the Properties forming part of the Issuer's Apportioned Part;



- (b) the Retained Proceeds Par Amount; and
- (c) the Charged Disposal Proceeds,

will not be less than (i) the aggregate amount of the Outstanding Commitment, minus (ii) the amount of the Undrawn Commitment which is to be funded by a future sale of the Retained Bonds, 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 Borrower's compliance with the Asset Cover Test.

## **Substitution and Release of Charged Properties and Statutory Disposals**

### **Substitution**

At the request and expense of the Borrower, the Security Trustee shall (subject to receiving an amended Apportionment Certificate from the Borrower and the Issuer in accordance with the Security Trust Deed) release from the relevant Security Documents (and reallocate, if applicable) such Properties forming part of the Issuer's Apportioned Part and substitute such of the Properties (each, a **Substitute Property**) as may be selected by the Borrower, provided that the Borrower satisfies the conditions precedent specified in Clause 10.2 (*Substitution of Charged Properties*) of the Original 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 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 Properties, Valuation Reports 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 Borrower, the Borrower 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, the Borrower shall not 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 Borrower (provided, for the avoidance of doubt, that the Borrower 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, the Borrower 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 Borrower has acknowledged 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 Borrower has also acknowledged 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 the Borrower. The Borrower has acknowledged 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 Borrower, 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 the Borrower, the Security Trustee shall release (subject to receiving an amended Apportionment Certificate from the Borrower 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 Issuer's Apportioned Part as may be selected by the Borrower provided that the Borrower 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 Issuer's Apportioned Part.

### **Statutory Disposals**

The Borrower shall have the right to withdraw Property from the Issuer's Apportioned Part pursuant to any Statutory Disposal and the Borrower 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 5.1 (*Charged Properties Documents*) of the Security Trust Deed (see "*Additional Security*" below), on or prior to creating a Fixed Charge in respect of any Property for the benefit of the Issuer, the Borrower must, in respect of such security, provide the conditions precedent documents specified in Schedule 2 of the Security Trust Deed. In addition, pursuant to the Loan Agreement, the Borrower 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, 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**

The Borrower shall deliver a Valuation Report to the Issuer and the Security Trustee within 60 days of days of each consecutive fifth anniversary of 31 March in accordance with Clause 11.1 (*Full Valuations*) of the Original Loan Agreement. The last Valuation Report was delivered within 60 days of 31 March 2022.

#### **Desk Top Valuations**

The Borrower shall deliver to the Issuer and the Security Trustee a Desk Top Valuation (being a valuation prepared by a Valuer on a "desk-top" basis) in the period between 31 March and the date falling 120 days thereafter in each year other than a year in respect of which a Valuation Report is required to be delivered under Clause 11.1 (*Full Valuations*) of the Original Loan Agreement.

## Loan Events of Default and Enforcement

### Borrower Default

Each of the following (set out in more detail in Clause 13 (*Borrower Default*) of the Original 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 nonpayment continues for a period of not more than seven days in the case of principal and not more than 14 days in the case of interest.
- (b) **Breach of other obligations:** The Borrower 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 Borrower of notice requiring the same to be remedied.
- (c) **Other non-payment:** (A) Any other present or future indebtedness of the Borrower 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 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 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 Relevant Document.
- (e) **Winding-up:** Any order is made by any competent court or resolution passed for the winding up or dissolution of the Borrower 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 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 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 13.9 (*Insolvency*) or Clause 13.10 (*Insolvency Proceedings*) of the Original Loan Agreement, 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 to perform any of its obligations under the Finance Documents.
- (j) **Breach of Asset Cover Test:** The Borrower fails to perform its obligations under Clause 9 (*Asset Cover Ratio*) of the Original Loan Agreement 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 the Borrower's property (including, for the avoidance of doubt, any statutory procedure as provided for under the Co-operative and Community Benefit Societies Act 2014) made between the Borrower (**Party A**) and any other entity (**Party B**) provided that (i) 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 Co-operative and Community Benefit Societies Act 2014; and (iii) a certificate executed by an authorised signatory of Party A or Party B confirming the above is provided to the Bond Trustee.

#### **Obligation to Notify the Issuer and the Security Trustee**

The 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 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 Borrower) including, but not limited to, the non-payment by the Borrower of any amounts owing to the Issuer under the 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 Borrower either:

- (a) that the security for the Loan has become, whereupon the security for the 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 13.14 (*Borrower Default Notice*) of the Original 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 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 Loan; and
- (d) fourth, in or towards payment to the Issuer of all other amounts then due and remaining unpaid under the Loan Agreement.

### **Taxes**

The Borrower must make all payments to be made by it to the Issuer under, *inter alia*, the Loan Agreement, the Fixed Charges 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 Borrower, the amount of the payment due from the 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, the Borrower may (but, for the avoidance of doubt, shall not be obliged to), in its sole discretion, pay to the Issuer 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. The Borrower shall continue to pay such additional amounts to the Issuer unless and until the 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.

### **Interpretation**

For these purposes:

**Actual Advance Amount** means:

- (a) in respect of each drawing of the New Commitment which is to be funded by the sale of the New Initial Retained Bonds, the lesser of:
  - (i) the principal amount of such drawing multiplied by 89.362 per cent.; and
  - (ii) the principal amount of such drawing multiplied by the result of dividing:

- (A) the amount of New Initial Bond Retained Proceeds held by the Lender at the time of the drawdown request (for the avoidance of doubt, after taking into account any losses suffered by the Lender as a result of investing in Permitted Investments but, for this purpose, excluding any Permitted Investment Profit), by
  - (B) the Undrawn Commitment which is to be funded from such New Initial Bond Retained Proceeds; and
- (b) in respect of each drawing of the New Commitment which is to be funded by the sale of New Further Retained Bonds, the lesser of:
- (i) the principal amount of such drawing multiplied by the sale price of such New Further Retained Bonds (or the proportion thereof being sold to fund such drawing); and
  - (ii) the principal amount of such drawing multiplied by the result of dividing:
    - (A) the amount of New Further Retained Bond Retained Proceeds held by the Lender at the time of the drawdown request (for the avoidance of doubt, after taking into account any losses suffered by the Lender as a result of investing in Permitted Investments but, for this purpose, excluding any Permitted Investment Profit), by
    - (B) the Undrawn Commitment which is to be funded from such New Further Retained Bond Retained Proceeds;

**Additional Properties** means any Properties (other than the Existing 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;

**Apportioned Part** means the assets, rights and property of the Borrower mortgaged and/or charged and/or assigned pursuant to any Security Documents which have been allocated as security for all monies, liabilities and obligations whatsoever (present or future, actual or contingent whether sole or joint) payable, owing, due or incurred by the Borrower to the Issuer under the Loan Agreement;

**Existing Properties** means the Properties which, as at the New Bond Issue Date, are charged in favour of the Security Trustee, for the benefit of the Issuer, for the purpose of providing underlying security for the Bonds;

**Final Charging Date** means:

- (a) in respect of the Retained Proceeds from the Original Bonds, the date falling six months after the Original Issue Date;
- (b) in respect of the Retained Proceeds from the Second Tranche Bonds, the date falling six months after the Second Tranche Issue Date; and
- (b) in respect of the Retained Proceeds from the New Bonds, the date falling six months after the New Bond Issue Date;

**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 Apportioned Part 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 a Valuer in respect of any such Property and the 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 Borrower 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);

**New Further Retained Bond Retained Proceeds** means, in respect of any New Further Retained Bonds, the net sale proceeds of such New Further Retained Bonds which are retained by the Lender in the Initial Cash Security Account or, to the extent invested in Permitted Investments in accordance with the Custody Agreement, the net sale proceeds of such Permitted Investments;

**New Further Retained Bonds** means £50,000,000 in principal amount of the New Bonds purchased by the Lender on the date of this Agreement, being the principal amount of the New Bonds which are not subject to a forward sale agreement entered into prior to the New Bond Issue Date;

**New Initial Retained Bond Retained Proceeds** means, in respect of any New Initial Retained Bonds, the net sale proceeds of such New Initial Retained Bonds which are retained by the Lender in the Initial Cash Security Account or, to the extent invested in Permitted Investments in accordance with the Custody Agreement, the net sale proceeds of such Permitted Investments;

**New Initial Retained Bond Sale Date** means 13 September 2023;

**New Initial Retained Bonds** means £50,000,000 in principal amount of the New Bonds purchased by the Lender on the date of this Agreement, being the principal amount of the New Bonds which will be sold on the New Initial Retained Bond Sale Date subject to, and in accordance with, the forward purchase agreements entered into prior to the New Bond Issue Date;

**Outstanding Balance** means at any time, in relation to the Loan made under the Loan Agreement, the initial principal amount of such Loan less the aggregate of all amounts of principal paid or deemed to be paid by the Borrower prior to such time (for the avoidance of doubt, ignoring for this purpose any amount of prepayment premium);

**Outstanding Commitment** means, at any time, the sum of the Outstanding Balance of the Loan at such time and the Undrawn Commitment;

**Property** means all estates or interests of the Borrower 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 principal amount of such Retained Bonds;

**Undrawn Commitment** means, at any time, the Commitment which has not been advanced to the Borrower or previously cancelled pursuant to Clauses 2(k) or 5.2 of the Original Loan Agreement; and

**Value** means, at any time and in relation to the Charged Properties, the value of those properties as shown in the then latest Valuation Report or Desk Top Valuation 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, for the purposes of this definition and with effect from the date of the relevant sale or release, shall 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).

### **Governing Law**

The 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 FIXED CHARGES 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 Fixed Charges and the Security Trust Deed.

*The following description of the Fixed Charges and the Security Trust Deed consists of a summary of certain provisions of the Fixed Charges and the Security Trust Deed and is qualified by reference to the detailed provisions thereof. The Fixed Charges 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 Fixed Charges and/or the Security Trust Deed.*

### FIXED CHARGES

The Borrower has, in relation to the Existing Properties, entered into Fixed Charges dated 13 March 2012, 8 March 2013, 30 September 2021 and 23 December 2021, and shall, in relation to any additional properties to be charged as underlying security for the Bonds, enter into further Fixed Charges substantially in the form set out in the Security Trust Deed (together, the **Fixed Charges**).

#### Fixed Legal Mortgage and Charge

Pursuant to the Fixed Charges entered into prior to the date of this Prospectus, the Borrower has charged in favour of the Security Trustee as security trustee and trustee for, *inter alios*, the Issuer with full title guarantee for the payment and discharge of the Secured Obligations by way of first fixed charge (which so far as it relates to land in England and Wales the legal title to which is vested in the Borrower at the date of the Fixed Charge will be a charge by way of legal mortgage) all the Borrower's right, title and interest from time to time in, to and under each of the following present and future assets:

- (a) the Real Property;
- (b) all rents receivable from any lease granted out of any Real Property and the benefit of all guarantees, indemnities, rent deposits, agreements, undertakings and warranties relating to the same;
- (c) all furniture, furnishings, tools, vehicles, computers, computer software and hardware and office and other equipment and other chattels belonging to the Borrower and the benefit of all contracts, licences and warranties relating to the same;
- (d) the benefit of all licences, consents and authorisations (statutory or otherwise) held or utilised by the Borrower in connection with the Charged Assets or the use of any of the Charged Assets;
- (e) all its rights and interests in and claims under the Insurances issued in relation to the Charged Assets; and
- (f) if and in so far as the legal mortgages in relation to the assets set forth in clause (a) above or the assignments set out in the section entitled "*Assignment*" below shall for any reason be ineffective as legal mortgages or assignments, the assets referred to in those clauses.

Pursuant to the Fixed Charges to be entered into after the date of this Prospectus, the Borrower will charge in favour of the Security Trustee as security trustee and trustee for, *inter alios*, the Issuer with full title guarantee for the payment and discharge of the Secured Obligations:

- (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 the Borrower and any monies paid or payable in respect of such covenants; and
- (b) by way of first fixed charge:
  - (i) all plant and machinery (except for the Fixtures within paragraph (a) above) now or in the future owned by the Borrower and its interest in any plant and machinery in its possession which form part of or are operated on the property specified therein;
  - (ii) all benefits in respect of the Insurances and all claims and returns of premiums in respect thereof;
  - (iii) the benefit of all present and future licences, consents and authorisations (statutory or otherwise) held in connection with the Security Assets and the use of any of the Security Assets specified in paragraphs (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 paragraph (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 each Fixed Charge:

- (a) entered into prior to the date of this Prospectus, the Borrower has assigned and agreed to assign by way of security to the Security Trustee as security trustee and trustee for, *inter alios*, the Issuer with full title guarantee (to the fullest extent assignable or capable of assignment without infringing any contractual provision restricting the same (unless any applicable consent or waiver to any such assignment has been given)) for the payment and discharge of the Secured Obligations; and
- (b) entered into prior to the date of this Prospectus, the Borrower will covenanted with full title guarantee, as security for payment of the Secured Obligations, that on the request of the Security Trustee, it shall following the occurrence of an Enforcement Event which is continuing (unremedied or unwaived and is not remedied within any applicable grace period) assign to the Security Trustee for the benefit of itself and, *inter alios*, the Issuer (to the fullest extent assignable or capable of assignment without first infringing any contracted provision restricting the same),

all of the Borrower's rights, title and interest in and to:

- (i) the personal agreements and covenants (still subsisting and capable of being enforced) by the tenants, lessees, licensees or other parties under the Letting Documents and by all guarantors and all security held by the Borrower from time to time whether present or future 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 monies due and owing to the Borrower or which may become due and owing to the Borrower at any time in the future in connection therewith and any rent arrears or service charges due at any time from any tenants, lessees, licensees or other parties under the Letting Documents regardless of whether such amounts became due before or after the date of such Fixed Charge);

- (ii) all agreements now or from time to time entered into or to be entered into to enable the charging of the Charged Assets and for the sale, letting or other disposal or realisation of the whole or any part of the Charged Assets (including, without limiting the generality of the foregoing, all monies due and owing to the Borrower or which may become due and owing to the Borrower at any time in the future in connection therewith);
- (iii) 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 the Borrower to perfect its rights under such Fixed Charge or any such agreement, contract, deed, licence, undertaking, guarantee, covenant, warranty, representation or other documents) now or hereafter entered into by or given to the Borrower in respect of the Real Property charged pursuant to such Fixed Charge and all claims, remedies, awards or judgments paid or payable to the Borrower (including, without limitation, all liquidated and ascertained damages payable to the Borrower under the above) in each case relating to the such Real Property;
- (iv) all licences held now or in the future in connection with the relevant Real Property and also the right to recover and receive all compensation which may at any time become payable to the Borrower in relation to the relevant Real Property;
- (v) all rights and claims to which the Borrower 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;
- (vi) 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 Real Property; and
- (vii) all rental income and disposal proceeds in each case relating to the relevant Mortgaged Property which has not been assigned pursuant to clauses (a), (b) or (c) and the right to make demand for and receive the same.

### **Representations, Warranties and Undertakings**

The Borrower makes various representations in respect of the Real Property including as to ownership, planning permission, covenants and security interests. In addition, the Borrower undertakes to, *inter alia*, repair, insure, pay taxes in respect of and comply with all leases in respect of, the Real Property.

### **Enforcement of Security**

Each Fixed Charge provides, or will provide, that the security constituted by such Fixed Charge shall become immediately enforceable upon and after an Enforcement Event has occurred and is continuing and the Security Trustee may enforce all or any part of such security (at the times, in the manner and on the terms it thinks fit).

Pursuant to the Fixed Charges, the Borrower will indemnify, *inter alios*, the Security Trustee against, *inter alia*, any action, proceeding, claims, losses, liabilities and costs which it may sustain as a consequence of the exercise or purported exercise of any of the rights and powers conferred on it by the Fixed Charges.

### **Governing Law**

Each Fixed Charge and any non-contractual obligations arising out of or in connection with it are, or will be, governed by and construed in accordance with the laws of England and Wales.

## **SECURITY TRUST DEED**

The benefit of the security created by the Borrower pursuant to the Fixed Charges 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**

#### **Apportionment of Security Assets**

The Security Trust Deed provides that the Borrower and, in the case of the Loan Agreement, the Issuer shall schedule and agree the allocation of properties which shall comprise the Issuer's Apportioned Part in respect of the Loan Agreement.

#### ***Additions and releases of Apportioned Properties***

On or prior to creating a Fixed Charge in respect of any Property, the Borrower is required to deliver to the Security Trustee (or such person as shall be nominated by the Security Trustee, to be held by such person to the order of the Security Trustee) the documents listed in Schedule 2 to the Security Trust Deed, such documents to be in form and substance satisfactory to the Issuer.

The Security Trustee shall release the benefit of any Security Interest, rights or obligations held by it over the Apportioned Property as security for all or any of the Secured Obligations:

- (a) subject to the instruction the Issuer (or, where the Properties to be released constitute Unallocated Properties, the Borrower); and
- (b) provided, in each case, that the Borrower shall have paid to the Security Trustee, or provided for to the satisfaction of the Security Trustee, all related Trustee Costs.

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

#### **Application of Proceeds**

The Security Trustee will, upon the enforcement of any of the security constituted by or pursuant to any of 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, apply:

- (a) all Proceeds and all money derived therefrom in respect of the Security Assets comprised in a Specific Apportioned Part in the following order:
  - (i) first, in or towards payment of all Relevant Trustee Costs; and
  - (ii) secondly, in or towards satisfaction of (i) all Relevant Liabilities of the Relevant Beneficiary (a **Specific Beneficiary**) (other than Relevant Trustee Costs) in accordance with the Relevant Documents in respect of the Relevant Liabilities (deducting for its own account, where appropriate, any Valuer's Expenses from the relevant Specific Beneficiary's allocation);
  - (iii) thirdly, by allocating the balance among the Beneficiaries whose Relevant Liabilities have not otherwise been fully discharged *pro rata* to their unpaid liabilities so that the

amount allocated to each Beneficiary shall be applied in satisfaction when due of the Relevant Liabilities owed to such Beneficiary arising in connection with the relevant Relevant Document in the order of priority set out therein;

- (iv) fourthly, to the extent not recovered under paragraph(a)(i) or (b)(i), in or towards payment of all Trustee Costs; and
  - (v) fifthly, the balance, if any, to the Borrower; and
- (b) all Proceeds and all money derived in respect of the Security Assets comprised in the Residual Properties in the following order:
- (i) first, in or towards payment of all NAB Trustee Costs;
  - (ii) secondly, by allocating the balance among the NAB Beneficiaries by reference to their NAB Security Percentages;
  - (iii) thirdly, by allocating the balance among the Beneficiaries whose Relevant Liabilities have not otherwise been fully discharged *pro rata* to their unpaid liabilities so that the amount allocated to each Beneficiary shall be applied in satisfaction when due of the Relevant Liabilities owed to such Beneficiary arising in connection with the relevant Relevant Document in the order of priority set out therein (and so that, in each case, any surplus remaining after payment of all such Relevant Liabilities when due shall be re-allocated among the remaining Beneficiaries *mutatis mutandis* in accordance with the foregoing provisions);
  - (iv) fourthly, to the extent not recovered under paragraph(a)(i) or (b)(i), in or towards payment of all Trustee Costs; and
  - (v) fifthly, the balance, if any, to the Borrower or any other relevant Chargor.

### **Enforcement of Security**

Pursuant to Clause 6 (*Default procedure*) of the Security Trust Deed, the Security Trustee shall only be required to take action to enforce or protect the security created by, or rights arising under, the Loan Agreement if instructed to do so by the Issuer (and then only if it has been indemnified and/or secured 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 Fixed Charges 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 Underlying Security (including the Issuer's rights, title and interests in the Security Trust Deed and the Fixed Charges 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 arising out of or in connection with it will be governed by and construed in accordance with the laws of England and Wales.

## **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 a banking corporation organised under the laws of the State of New York and operating through its branch in London at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom as its account bank, its custodian in relation to Permitted Investments and its custodian in relation to Retained Bonds pursuant to the Account Agreement, the Custody Agreement and the Retained Bond Custody Agreement.

The Bank of New York Mellon is a wholly owned subsidiary of The Bank of New York Mellon Corporation, and 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 240 Greenwich 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 160 Queen Victoria Street, London EC4V 4LA. The Bank of New York Mellon's corporate trust business 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 is a global investments company which helps its clients manage and service their financial assets throughout the investment lifecycle. Whether providing financial services for institutions, corporations or individual investors. The Bank of New York Mellon delivers informed investment management and investment services in 35 countries and more than 100 markets. As of 30 June 2023, The Bank of New York Mellon had \$46.9 trillion in assets under custody and/or administration, and \$1.9 trillion in assets under management. Additional information is available at [www.bnymellon.com](http://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 maintains 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**

The Issuer shall, upon receipt, credit to the Disposal Proceeds Account all amounts received from the Borrower pursuant to Clause 10.3 (*Disposal Proceeds*) of the Original Loan Agreement.

## **Retained Bond Deposits**

Pursuant to the Account Agreement, the Issuer shall, subject as follows, 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 and any amount representing accrued interest), to the extent that such amount is not paid directly to the Borrower pursuant to, and in accordance with, the Loan Agreement; and
- (b) credit the Transaction Account with the Retained Bond Premium Amount (if any) and any amount representing accrued interest, 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 Commitment (as defined in the Loan Agreement) pursuant to, and in accordance with the terms of, the Loan Agreement;
  - (ii) payment to the Borrower or a member of the Group in respect of any Bonds surrendered for cancellation in accordance with the Loan Agreement;
  - (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 the Borrower pursuant to, and in accordance with the terms of, the Loan Agreement or to purchase Permitted Investments pursuant to 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 (subject to the appointment of a replacement account bank) or

forthwith at any time the Account Bank is adjudged bankrupt or insolvent. The appointment of the Account Bank may 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 or the Disposal Proceeds Account (subject to the appointment of a replacement account bank).

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 maintains, 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 held by 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 shall give Instructions to the Custodian, forthwith upon receipt by the Custodian of any Distributions:

- (a) to transfer all Distributions credited to the Disposal Proceeds Cash Sub-Account to the Disposal Proceeds Account;
- (b) to transfer 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) to transfer 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 withholding as required by applicable tax laws.

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 standard rate(s) set by the Custodian in its deposit terms and conditions, as may be issued by it from time to time.

## **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) or forthwith at any time the Custodian is adjudged bankrupt or insolvent. The appointment of the Custodian may 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 (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 maintains, 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 the Borrower in satisfaction of the Issuer's obligation to make an advance pursuant to the 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, and (ii) 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.

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

Optivo Finance plc (the **Issuer**) is a public limited company incorporated in England and Wales with registered number 7933814 on 2 February 2012 under the Companies Act 2006. It was originally incorporated under the name AmicusHorizon Finance plc and changed its name to Optivo Finance plc on 14 February 2018.

The registered address of the Issuer is Fleet House, 59-61 Clerkenwell Road, London EC1M 5LA. The telephone number of its registered address is 0800 121 6060. The Issuer has no subsidiaries.

The website of the Issuer is at [www.southernhousing.org.uk](http://www.southernhousing.org.uk). The information on the Issuer's website does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus (see "*Documents Incorporated by Reference*" below).

### 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 members of the Group.

### Directors

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

<b>Name</b>	<b>Other Principal Activities</b>
Michelle Dovey (chair)	Board Member and Treasury Committee Chair, Southern Housing Board Member, Crystal Palace Housing Association Board Member, Amicus Group Limited Director, MJD Treasury Solutions Limited Director, 40 Steps Property Services Limited
Paul Hackett CBE	Chief Executive and Board Member, Southern Housing Board Member, Amicus Group Limited Board Trustee, Real Equity for All Honorary Professor, UCL Bartlett School of Sustainable Construction Member, UCL Bartlett's Independent Advisory Board Member, University of Bradford, Civil and Structural Engineering Industrial Advisory Board Fellow, Royal Institution of Chartered Surveyors Fellow, Chartered Institute of Building Fellow, Chartered Institute of Housing Academician, Academy of Urbanism
Sarah Smith	Chief Financial Officer, Southern Housing Director, Optivo Enterprises Limited Director, Optivo Development Services Limited Board and Audit Committee member, Dolphin Square Charitable Foundation Board Member, Sustainability for Housing Limited Member of the National Housing Federation's Finance & Policy Advisory Group

Name	Other Principal Activities
Thomas Paul	<p data-bbox="542 212 1394 324">Board Member and Audit Committee Chair, Reall Ltd Social Housing Sub-committee Member, Institute of Chartered Accountants in England and Wales</p> <p data-bbox="542 358 1394 607">Executive Director of Strategy &amp; Change, Southern Housing Member of the Audit and Risk Committee, Grand Union Housing Group Member, Housing Committee of Church of England Pensions Board Member, Chartered Institute of Securities and Investments Member of the Affordable Housing Committee, British Property Federation</p>

The business address of each of the directors is Fleet House, 59-61 Clerkenwell Road, London EC1M 5LA.

The Secretary of the Issuer is Puneet Rajput whose business address is at Fleet House, 59-61 Clerkenwell Road, London EC1M 5LA .

Subject as follows, 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. Paul Hackett, Sarah Smith and Thomas Paul are employees of the Borrower and Paul Hackett and Michelle Dovey are also board members of the Borrower. A conflict of interest could therefore arise if these directors of the Issuer are required to approve any transactions between the Issuer and the Borrower, such as the Loan Agreement. However, the Issuer's Articles of Association provide that, so long as directors disclose the nature and extent of such a conflict, they may nevertheless vote on behalf of the Issuer in respect of such transactions.

The Issuer has no employees but has available to it the treasury and business resources of the Borrower to enable it to administer its business and perform its obligations.

### 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 Borrower holds all of the shares of the Issuer.

The Borrower exercises control over the Issuer through its full ownership of the Issuer.

### Operations

On 13 March 2012, the Issuer issued the Original Bonds, of which it repurchased £50,000,000 in principal amount (the **Original 2043 Retained Bonds**) on that same date with a view to selling the Original Retained 2043 Bonds to third parties thereafter. On 2 September 2013, the Issuer sold the Original 2043 Retained Bonds.

On 22 March 2018, the Issuer issued £250,000,000 3.283 per cent. Secured Bonds due 2048, of which it repurchased £100,000,000 in principal amount of such bonds (the **2048 Retained Bonds**) on that same date with a view to selling the 2048 Retained Bonds to third parties thereafter. On 25 April 2019, the Issuer sold £25,000,000 in principal amount of the 2048 Retained Bonds and, on 2 September 2019, the Issuer sold the remaining £75,000,000 in principal amount of the 2048 Retained Bonds.

On 7 April 2020, the Issuer issued £250,000,000 2.857 per cent. Secured Bonds due 2035, of which it repurchased £100,000,000 in principal amount of such bonds (the **Original 2035 Retained Bonds**) on that same date with a view to selling the Original 2035 Retained Bonds to third parties thereafter. On 26 August 2021, the Issuer sold the Original 2035 Retained Bonds.

On 11 March 2022, the Issuer issued the Second Tranche Bonds which it repurchased in full (as such the **Second Tranche 2043 Retained Bonds**) on that same date with a view to selling the Second Tranche 2043 Retained Bonds to third parties thereafter. On 30 March 2022, the Issuer sold £100,000,000 in principal amount of the Second Tranche 2043 Retained Bonds and, on 25 July 2022, the Issuer sold the remaining £50,000,000 in principal amount of the Second Tranche 2043 Retained Bonds.

On 24 June 2022, the Issuer issued a further £100,000,000 2.857 per cent. Secured Bonds due 2035, which it repurchased in full (the **Second Tranche 2035 Retained Bonds**) on that same date with a view to selling the Second Tranche 2035 Retained Bonds to third parties thereafter. On 4 August 2022, the Issuer sold £16,500,000 in principal amount of the Second Tranche 2035 Retained Bonds, on 18 August 2022, the Issuer sold a further £15,000,000 in principal amount of the Second Tranche 2035 Retained Bonds and, on 15 August 2023, the Issuer sold the remaining £68,500,000 in principal amount of the Second Tranche 2035 Retained Bonds.

On 10 July 2023, the Issuer entered into a Forward Purchase Agreement in respect of the onward sale of £50,000,000 in principal amount of the New Bonds.

### **Recent Developments**

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

## DESCRIPTION OF THE BORROWER

### Incorporation and Status

Southern Housing (the **Borrower**) was incorporated on 16 December 2022 as the resultant entity of the amalgamation of Optivo and Southern Housing Group Limited (the **Amalgamation**). The Borrower is registered in England with limited liability under the Co-operative and Community Benefit Societies Act 2014 (with registered number 8983) and is a Registered Provider of Social Housing whose activities are regulated by the Regulator of Social Housing (the **Regulator**) (with registered number 5171). As such, the Borrower has charitable status but is exempt from registration with the Charity Commission.

The registered office of the Borrower is Fleet House, 59-61 Clerkenwell Road, London, EC1M 5LA. The telephone number of its principal place of business is 0800 121 6060.

The website of the Borrower is at <https://www.southernhousing.org.uk>. The information on the Borrower's website does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus (see "*Documents Incorporated by Reference*" below).

### Principal Activities of the Borrower

The Borrower's vision is to create communities where everyone has a safe home in a place where they're proud to live.

The Borrower's social purpose underpins everything that the Borrower does:

- social value;
- not for profit;
- resident centred;
- sustainable;
- inclusive; and
- fair and ethical.

The Borrower's objectives are:

- great customer experience;
- listen and act on resident views;
- safe sustainable homes in good repair;
- neighbourhoods where residents are proud to live;
- build homes to meet housing need;
- empower its people;
- deliver efficiency.

Any surpluses generated by the Borrower are reinvested towards the attainment of its charitable objectives.

The Borrower is a member of the g15. g15 is the group of London's largest housing associations which together house approximately one in ten Londoners and build one in four new homes.

### Background and History

The Borrower's predecessor entities have a longstanding history dating back to the early 20th century, dedicated to addressing housing needs in the UK. Throughout the years, the Borrower and its predecessor entities have remained committed to their social purpose, providing affordable homes and

prioritising the welfare of their residents. With a focus on building strong communities, the Borrower utilises its size and influence to drive positive changes in the regions it operates.

### ***Optivo***

- 1945: Hearth and Home Limited (**Hearth**) was founded.
- 1967: South London Family Housing Association Limited (**South London Family HA**) was formed from a number of small societies in the Crystal Palace area of South London.
- 1974: Hearth changed its name to Servite Houses Limited (**SHL**).
- 1989: Swale Housing Association Limited (**Swale**) was formed following a Large Scale Voluntary Transfer (**LSVT**) of housing stock from Swale Borough Council.
- 1966: Ten Sixty Six Housing Association Limited (**1066**) received an LSVT of housing stock from Hastings Borough Council.
- 1990: SHL changed its name to Servite Houses.
- 1992-2003: Battersea Old Peoples Housing Ltd, Chelsea Housing Association Ltd and Harding Housing Association consolidated into Riverhaven Ltd (**Riverhaven**).
- 1998: Rother Homes Limited (**Rother Homes**) was formed as an LSVT subsidiary of South London Family HA following a transfer of the housing stock of Rother District Council.
- 2001: South London Family HA changed its name to Horizon Housing Group Limited (**HHGL**) and created two new subsidiaries, SLFHA Limited (**SLFHA**) and Southern Horizon Housing Limited (**SHHL**). Amicus Group Limited (**Amicus**) was formed in 2001 to provide financial and other management services to two LSVT subsidiaries, Swale and 1066.
- 2005: Riverhaven joined Servite Houses.
- 2006: Amicus became a subsidiary of HHGL and HHGL changed its name to AmicusHorizon Group Limited (**AmicusHorizon Group**).
- 2007: Thames Housing Association Limited merged with Servite Houses.
- 2009: 1066, SHHL, Rother Homes, CASA Support Limited, Swale, AmicusHorizon Group and SLFHA were collapsed by amalgamation into a single operating association, AmicusHorizon Limited (**AmicusHorizon**).
- 2010: Servite Houses changes its name to Viridian Housing.
- 2016: Southwark and London Diocesan Housing Association Limited transferred its engagements to AmicusHorizon.
- 2017: AmicusHorizon and Viridian Housing amalgamated to form Optivo.

### ***Southern Housing Group Limited***

The history of Southern Housing Group Limited is as follows:

- 1901: Samuel Lewis Housing Trust was established as a charitable trust.
- 1991: Samuel Lewis Housing Association Limited, an industrial and provident society, was incorporated (and remained dormant until 1993).
- 1992: the Samuel Lewis Housing Trust joined with Coastal Counties Housing Association to form the Southern Housing Group (a group working umbrella title and non-corporate entity).
- 1993: Samuel Lewis Housing Association Limited changed its name to Samuel Lewis Housing Trust Limited and, by a deed of appropriation, took over the assets and liabilities of Samuel Lewis Housing Trust.
- 2001: Samuel Lewis Housing Trust changed its name to Southern Housing Group Limited.
- 2002: South Wight Housing Association Limited joined the Southern Housing Group.
- 2006: James Butcher Housing Association Limited joined the Southern Housing Group.
- October 2010: Southern Housing Group Limited amalgamated with South Wight Housing Association Limited and James Butcher Housing Association Limited to form the Issuer.

- October 2018: Southern Home Ownership Limited partially transferred its engagements to Southern Housing Group Limited.
- April 2020: Rosemary Simmons Memorial Housing Association Limited (trading as Crown Simmons Housing) joined Southern Housing Group.

### Structure of the Borrower

The Borrower is the parent of a number of subsidiaries comprising the Group. The Group consists of the following principal active legal entities:

- the Issuer;
- Crystal Palace Housing Association Limited (**CPHA**), a registered society under the Co-operative and Community Benefit Societies Act 2014. CPHA's principal activity is managing an historic portfolio of 274 shared ownership properties. CPHA is not intending to develop any new schemes in the immediate future;
- Charity of Julia Spicer for Almshouse, a registered charity with the Charity Commission and a registered provider of social housing holding 14 homes, of which the Borrower is the sole corporate trustee;
- Eason Gruaz Homes, a registered charity with the Charity Commission holding 10 homes, of which the Borrower is the sole corporate trustee;
- Middlesex First Limited (**MDF**), a registered society under the Co-operative and Community Benefit Societies Act 2014. MDF is a special purpose vehicle providing student accommodation associated with Middlesex University;
- The Fresh Visions People Limited (**FVP**), a private company limited by guarantee incorporated in England and Wales and a registered charity with the Charity Commission. FVP aims to support children and young adults who face extreme disadvantage as a result of poverty, domestic abuse, lack of education and social exclusion;
- Optivo Development Services Limited (**ODS**), a private limited company incorporated in England and Wales whose principal purpose is the development of residential property for sale and provision of design and building services for the Borrower;
- Lamborn Estates Limited (**LEL**), a private limited company incorporated in England and Wales. LEL's purpose is the development of residential property for sale for the Borrower;
- Optivo Homes Ltd (**OHL**), a private limited company incorporated in England and Wales. OHL's sole purpose is investment in residential property development. OHL owns 50 per cent. of Linden (Rainham) LLP, a joint venture with Galliford Try Homes Ltd (now Vistry Linden Ltd) to develop a scheme;
- Amicus Group Limited (**AGL**), a charitable registered provider of social housing which owns a single general needs social housing property which is managed by the Borrower;
- Southern Home Ownership Limited, a registered society under the Co-operative and Community Benefit Societies Act 2014 whose principal purpose is the development of residential property for sale and provision of property management services for the Borrower;
- Southern Space Limited, a private limited company incorporated in England and Wales.



- Southern Development Services Limited, a private limited company incorporated in England and Wales whose principal purpose is the development of residential property for sale and provision of design and building services for the Borrower;
- Spruce Homes Limited, a private limited company incorporated in England and Wales whose principal activity is managing a portfolio of market rent properties on behalf of the Borrower;
- Southern Housing Construction Limited, a private limited company incorporated in England and Wales whose principal purpose is the development of residential property for sale and provision of design and building services for the Borrower;
- Rosemary Simmons Memorial Housing Association Limited trading as Crown Simmons Housing, a registered society under the Co-operative and Community Benefit Societies Act 2014 and the corporate trustee of The Fellowship Houses Trust and Hewitt Homes;
- The Fellowship Houses Trust, a registered charity with the Charity Commission and a registered provider of social housing. Rosemary Simmons Memorial Housing Association Limited is the corporate trustee;
- Hewitt Homes, a registered charity with the Charity Commission and a registered provider of social housing holding 49 homes. Rosemary Simmons Memorial Housing Association Limited is the corporate trustee;
- Samuel Lewis Foundation, a registered charity with the Charity Commission and a registered provider of social housing;
- Affinity (Reading) Holdings Limited, a private limited company incorporated in England and Wales. Joint venture with Yarlington Housing Group;
- Triathlon Homes LLP, a limited liability partnership incorporated in England and Wales. 33% partnership via Southern Space Limited. Joint venture entity with First Base 4 Stratford LLP and East Place Limited; and
- in addition to the principal subsidiaries of the Borrower specified above, the Borrower has two subsidiaries that are dormant legal entities. The Borrower also owns 50 per cent. of the shares in INK Development Company Limited (**INK**), a joint venture with West Kent Housing Association. INK's principal purpose is the provision of design and building services for the Borrower and West Kent Housing Association.

## Property portfolio

The number of units of housing stock owned by the Borrower and the Group as at 31 March 2023, is as follows:

	Group		Borrower	
	2023	2022	2023	2022
<b>Social housing</b>				
General needs rent	45,722	45,013	45,722	45,013
General needs affordable rent	5,729	5,339	5,729	5,339
Supported housing rent	1,501	1,459	1,501	1,459
Supported housing affordable rent	27	26	27	26

		<b>Group</b>	<b>Borrower</b>	
Housing for older people rent	5,781	5,781	5,781	5,781
Housing for older people affordable rent	100	103	100	103
Key workers	1,209	1,200	1,209	1,200
Low cost home ownership	8,625	8,182	8,625	8,182
Temporary & intermediate rent	1,879	1,807	1,879	1,807
Care homes	134	126	134	126
Total social housing homes owned and or managed	70,707	69,036	70,070	69,036
<b>Non social housing</b>				
Market rent	310	311	310	311
Student accommodation	1,654	1,835	1,654	1,835
Total non social housing homes owned and or managed	1,964	2,146	1,964	2,146
Total	72,671	71,182	72,671	71,182

## Board

The 14 Board members of the Borrower and their principal activities outside the Borrower, where these are significant with respect to the Borrower, are as follows:

<b>Name</b>	<b>Principal activities outside Borrower</b>
Sir Peter Dixon (Chair)	Chair and Director, Flint Housing Limited President, English Rural Housing Association Limited Director of Sedgevale Limited Director, Nameco (No. 1284) Limited
Grace Alaneme	None
Eugenie Turton	Member of the Advisory Council on the Disposal of Nuclear Waste Board Chair of The Arts Society Dulwich Board Member of Amicus Group Limited
Howard Cresswell	Board Member and Chair Designate – Havebury Housing Partnership Board Member of Amicus Group Limited
Geanna Bray	Board Member of Crystal Palace Housing Association Limited
Michelle Dovey	Director of the Issuer Director of MJD Treasury Solutions Limited Director of 40 Steps Property Services Limited Board Member of Crystal Palace Housing Association Limited Board Member of Amicus Group Limited
Paul Hackett CBE	Director of the Issuer Board Member of Amicus Group Limited Board Trustee of Reall Limited Honorary Professor of UCL Bartlett School of Sustainable Construction Member of UCL Bartlett's Independent Advisory Board

Name	Principal activities outside Borrower
	Member of University of Bradford, Civil and Structural Engineering Industrial Advisory Board Fellow, Royal Institution of Chartered Surveyors Fellow, Chartered Institute of Building Fellow, Chartered Institute of Housing Academician, Academy of Urbanism
Damien Régent	Chair of the Finance, Audit and Risk Committee Trustee - Crisis UK Non-Executive Director and Chair of the Audit Committee at Kingston Hospital NHS Foundation Trust Trustee-treasurer at Pro Bono Economics Independent member of audit committee – Chartered Insurance Institute NED, Board Member and Chair of the Audit & Risk Committee – Longhurst Housing Association Chair of the Audit, Risk and Assurance Committee on the board of Crisis (homelessness)
Robert Clark	None
Phil Blume	None
Carol Rosati	UK Diversity, Equity & Inclusion Lead for GSK Runs a coaching business, v2 Coaching Vice Chair of UN Women UK and chairs their Nominations Committee Board Member of Alliance Homes, where she is both SID and Chair of the Remuneration and People's Committee
Janet Collier (Vice-chair)	Board Member and Chair of Audit and Risk at Advance Housing and Support
Ian Wilson	Head of Residential Fund Management at Knight Frank Investment Management Member of the Royal Institution of Chartered Surveyors
Daisy Armstrong	None

The business address of each of the above board members is Fleet House, 59-61 Clerkenwell Road, London EC1M 5LA.

Subject as follows, there are no potential conflicts of interest between any duties to the Borrower of the Board members of the Borrower and their private interests and/or duties. Paul Hackett and Michelle Dovey are directors of the Issuer. A conflict of interests could therefore arise if either Paul Hackett or Michelle Dovey is required to approve any transactions between the Issuer and the Borrower, such as the Loan Agreement. However, the Borrower's Rules provide that, so long as board members disclose the nature and extent of such a conflict, they may nevertheless vote on behalf of the Borrower in respect of such transactions.

## Corporate Governance

The Borrower is led and governed by its Board. The main responsibilities of the Board include:

- setting the overall strategy and business plan of the Borrower;
- ensuring the Executive Team (as to which, see below) is working effectively and has access to the resources it needs;
- ensuring any risks to the Borrower are identified and controlled; and
- monitoring the performance, service delivery and financial viability of the Borrower.

The Board delegates some of its responsibilities to its committees. The following are the principal committees supporting the Board. All Committees are chaired by a Board member.

- Audit & Risk Committee

The Audit & Risk Committee has five members; two are Board members and three are independent committee members. The Audit & Risk Committee meets regularly with senior managers and external and internal auditors to scrutinise audit findings and the effectiveness of the internal control framework. The Audit & Risk Committee reviews the financial statements, including the applicability of policies and areas of judgement. It receives control reports and recommendations arising from internal and external audits and also considers any matters relating to fraud, whistleblowing, bribery and money laundering. The Audit & Risk Committee meets privately with the internal and external auditors at least once a year.

- People Committee

The People Committee has up to five members; at least two are Board members. The People Committee's role is to support the Board to achieve strategic objectives relating to our people, our culture and our governance. The People Committee also maintains oversight of equality, diversity and inclusion.

- Integration & Transformation Committee

The Integration & Transformation Committee has up to seven members with at least six Board members. The Integration & Transformation Committee's role is to support the Board to achieve strategic objectives in relation to post merger integration, achievement of efficiencies, use of technology and transformation.

- Development & Growth Committee

The Development & Growth Committee has up to five members, at least two are Board members. The Development & Growth Committee supports delivery of the Borrower's development programme and development strategy. The Development & Growth Committee recommends the development strategy to the Board, monitors the development programme and advises the Board on development issues and new initiatives.

- Treasury Committee

The Treasury Committee has up to five members, at least one must be a Board member. The Treasury Committee's role is to oversee treasury related activity and recommend the treasury strategy and plans to the Board.

- Resident Services Committee

The Resident Services Committee provides strategic oversight for activities relating to customer experience in all business areas including housing management, commercial housing portfolio, financial inclusion, resident involvement, social impact and property services. The Resident Services Committee drives innovation to improve the customer journey and experience. The Resident Services Committee has up to eight members, at least two are Board members and at least three are resident members.

In addition, the Borrower has a Pensions Group (chaired by a Board member and has up to five members with at least one Board member) and a Chairs' Group (comprised of the Chairs of the Board and Committees). The Board has established various formal resident groups to provide scrutiny of the Board, however, these groups do not have delegated authority from the Board. The main formal resident groups are: the Resident Strategy Group, the Regional Residents' Panel, the Complaints Panel, the Resident Scrutiny Panel, the Resident Policy Panel and the Resident Procurement Panel.

The Borrower's Rules are based on the National Housing Federation's Model Rules.

The Executive Team of the Borrower (and their principal activities outside the Borrower, where these are significant with respect to the Executive Team of the Borrower) comprises the following:

<b>Name</b>	<b>Role</b>	<b>Principal activities outside of the Executive Team</b>
Paul Hackett CBE	Chief Executive	Director of the Issuer Board Member of Amicus Group Limited Board Trustee of Reall Limited Honorary Professor at UCL Bartlett School of Sustainable Construction Member of UCL Bartlett's Independent Advisory Board Member of University of Bradford, Civil and Structural Engineering Industrial Advisory Board Fellow, Royal Institution of Chartered Surveyors Fellow, Chartered Institute of Building Fellow, Chartered Institute of Housing Academician, Academy of Urbanism
Sarah Smith	Chief Financial Officer	Director of the Issuer Director of Optivo Enterprises Limited Director of Optivo Development Services Limited Board and Audit and Risk Committee Member of Dolphin Square Charitable Foundation Board Member and Audit Committee Chair of Reall Limited Board Member of Sustainability for Housing Limited Member of the National Housing Federation's Finance & Policy Advisory Group Social Housing Sub-committee Member, Institute of Chartered Accountants in England and Wales
Jane Porter	Chief Operating Officer	Board Member and Chair of the Development and Assets Committee, Settle Housing Association

<b>Name</b>	<b>Role</b>	<b>Principal activities outside of the Executive Team</b>
Richard White	Executive Director Development	None
Jenny Poore	Executive Director People & Culture	None
Thomas Paul	Executive Director of Strategy & Change	Member of the Audit and Risk Committee, Grand Union Housing Group Member, Housing Committee of Church of England Pensions Board Member, Chartered Institute of Securities and Investments Member of the Affordable Housing Committee, British Property Federation
Yvette Carter	Executive Director for Contract Services	None

The business address of each of the above Executive Team members is Fleet House, 59-61 Clerkenwell Road, London EC1M 5LA.

There are no potential conflicts of interest between any duties to the Borrower of the Executive Team of the Borrower and their private interests and/or duties.

The Secretary of the Borrower is Puneet Rajput whose business address is at Fleet House, 59-61 Clerkenwell Road, London EC1M 5LA.

### **Share Capital and Major Shareholders**

The entire issued share capital of the Borrower comprises 31 shares of £1 each, all of which are fully paid up. Every member holds one share of £1. These shares carry no dividend rights and, on cessation of membership of the Borrower, are cancelled and the amount paid becomes the property of the Borrower. Each member has the right to vote at members' meetings.

### **Regulatory Judgement**

As at the date of this Prospectus, the Borrower's interim regulatory judgement by the Regulator for governance is G2 and for financial viability is V2, which was most recently affirmed on 25 January 2023. This was following the amalgamation of Optivo which previously had a G1/V1 judgement and Southern Housing Group Limited which had a G2/V2 judgement.

The Regulator considers interim regulatory judgements for newly merged organisations on a case-by-case basis with a starting assumption that the lower of the two previous ratings will apply. Interim grades will be converted to standard grades either when the Regulator has completed the first Stability Check following merger or a full In-Depth Assessment, which the Borrower expects to be within 18 months.

### **Corporate Credit Rating**

The Borrower has been assigned a credit rating of "A3" by Moody's which was most recently affirmed on 23 December 2022 and "A" by Fitch which was most recently affirmed on 16 December 2022. As at the date of this Prospectus, each of Moody's and Fitch is established in the UK and is registered under

the UK CRA Regulation. As such, each of Moody's and Fitch is included in the list of credit rating agencies published by the FCA on its website in accordance with the UK CRA Regulation.

As at the date of this Prospectus, each of Moody's and Fitch is not established in the European Union nor has it applied for registration under the CRA Regulation. However, the rating issued by Moody's has been endorsed by Moody's Deutschland GmbH in accordance with the CRA Regulation. As at the date of this Prospectus, Moody's Deutschland GmbH is established in the European Union and registered under the CRA Regulation. The rating issued by Fitch has been endorsed by Fitch Ratings Ireland Limited, which is established in the European Union and registered under the CRA Regulation. As such, each of Moody's Deutschland GmbH and Fitch Ratings Ireland Limited is included in the list of credit rating agencies published by the ESMA on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation.

### **Recent Developments**

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

### **Alternative Performance Measures**

The Borrower believes that certain financial measures that are not recognised by the Borrower Accounting Standards, but are derived from the information provided in its Financial Statements, provide additional useful information regarding the Group's ongoing operating and financial performance.

These measures are not recognised measures under the Borrower Accounting Standards, do not have standardised meanings prescribed by the Borrower Accounting Standards and should not be considered in isolation or construed to be alternatives to measures pursuant to the Borrower Accounting Standards including revenues, net income (loss) and comprehensive income (loss) for the period determined in accordance with the Borrower Accounting Standards. The Borrower's method of calculating these measures may differ from the method used by other entities, including other Registered Providers of Social Housing. Accordingly, certain of the financial performance measures presented in this Prospectus may not be comparable to similarly titled measures used by other entities or in other jurisdictions, including other Registered Providers of Social Housing. Consequently, these measures should not be considered substitutes for the information incorporated by reference in the financial statements set out in the section headed "*Documents incorporated by reference*" below and should be read in conjunction therewith.

The Borrower uses the financial measures (as defined below) to evaluate the business performance of the Group.

For the purposes of the tables below:

- **Balance Sheet** means the balance sheet set out in the Borrower Financial Statements;
- **SOCI** means the statement of comprehensive income set out in the Borrower Financial Statements;
- all references to specific line items taken from the Borrower Financial Statements are to the line items in respect of the Group; and
- all references to **Notes** are to the relevant note in the Borrower Financial Statements.

Financial Measure	Definition	Reconciliation	Additional information
<b>EBITDA</b>	<b>Operating Surplus</b> deducting <b>Surplus on disposal of housing properties</b> adding <b>Interest receivable</b> adding <b>Depreciation – housing properties</b> adding <b>Depreciation – other fixed assets</b> deducting <b>Impairment of housing properties</b> deducting <b>Grant amortised</b>	<b>Operating Surplus</b> is taken from the SOCI. <b>Surplus on disposal of housing properties</b> is taken from the SOCI. <b>Interest receivable</b> is taken from the SOCI. <b>Depreciation – housing properties</b> is the sum of <b>Depreciation – housing properties</b> plus <b>Accelerated depreciation on replaced components</b> (taken from Note 5). <b>Depreciation - other fixed assets</b> is taken from Note 5. <b>Impairment release housing properties</b> is taken from Note 5. <b>Grant amortised</b> is taken from Note 5.	This is a key indicator for liquidity and investment capacity.
<b>EBITDA MRI</b>	<b>Operating Surplus</b> deducting <b>Surplus on disposal of housing properties</b> adding <b>Interest receivable</b> adding <b>Depreciation – housing properties</b> adding <b>Depreciation – other fixed assets</b> deducting <b>Impairment of housing properties</b> deducting <b>Additions during the year</b> deducting <b>Grant amortised</b>	<b>Operating Surplus</b> is taken from the SOCI. <b>Surplus on disposal of housing properties</b> is taken from the SOCI. <b>Interest receivable</b> is taken from the SOCI. <b>Depreciation – housing properties</b> is the sum of <b>Depreciation – housing properties</b> plus <b>Accelerated depreciation on replaced components</b> (taken from Note 5). <b>Depreciation - other fixed assets</b> is taken from Note 5. <b>Impairment release housing properties</b> is taken from Note 5. <b>Additions during the year</b> is <b>Additions during year</b> plus <b>Disposals – Components</b> taken from the column headed <b>Housing properties held for letting</b> in Note 13. <b>Grant amortised</b> is taken from Note 5.	This is a key indicator for liquidity and investment capacity.
<b>Operating margin</b>	<b>Operating Surplus</b> (excluding surplus on the disposal of housing property) divided by <b>Turnover</b>	<b>Operating Surplus</b> is taken from the SOCI. <b>Turnover</b> is taken from the SOCI.	The operating margin demonstrates the profitability of operating assets before exceptional expenses are taken into account.
<b>Net Debt</b>	<b>Creditors: amounts falling due within one year – Loan repayments</b> adding <b>Creditors: amounts falling due after more than one year – Loans &amp; borrowings</b> deducting <b>Cash and cash</b>	<b>Creditors: amounts falling due within one year – Loan repayments</b> is taken from the Balance Sheet (see Note 22). <b>Creditors: amounts falling due after more than one year – Loans &amp; borrowings</b> is taken from the Balance Sheet (see Note 23).	Net Debt is an indicator that shows how much debt is outstanding if the cash and investments of the Group used to satisfy part of the debt.



Financial Measure	Definition	Reconciliation	Additional information
	<b>equivalents</b> deducting <b>Short term investments</b>	<b>Cash and cash equivalents</b> is taken from the Balance Sheet (see Note 21). <b>Short term investments</b> is taken from the Balance Sheet (see Note 20).	
<b>Gearing</b>	<b>Net Debt</b> divided by <b>Tangible fixed assets – Housing properties</b>	<b>Net Debt</b> is defined above. <b>Tangible fixed assets – Housing properties</b> is taken from the Balance Sheet (see Note 13).	This metric assesses how much of the adjusted assets are made up of debt and the degree of reliance on debt finance.
<b>Trading sales/turnover</b>	<b>First tranche sales</b> plus <b>Market sales</b> divided by <b>Turnover</b>	<b>First tranche sales</b> is taken from Note 3(a). <b>Market sales</b> is taken from Note 3(a). <b>Turnover</b> is defined above.	Turnover generated from trading sales as a percentage of total Turnover.
<b>Gearing- VFM</b>	<b>Short-term loans</b> and <b>Long-term loans</b> less <b>Cash and cash equivalents</b> plus <b>Finance lease obligations</b> divided by <b>Tangible fixed assets: Housing properties at cost (Current period)</b>	<b>Short Term loans</b> is taken from Note 25. <b>Short Term loans</b> is taken from Note 25. <b>Cash and cash equivalents</b> is taken from Note 19. <b>Finance lease obligations</b> is taken from Note 30. <b>Tangible fixed assets: Housing properties at cost (Current period)</b> is taken from Note 13.	
<b>Operating Margin (Social Housing Lettings only)- VFM</b>	<b>Operating margin (social housing lettings only)</b> as a percentage of <b>Operating surplus (deficit) from social housing lettings</b> divided by <b>Turnover from social housing lettings</b>	<b>Operating margin</b> is defined above. <b>Operating Surplus</b> is taken from the SOCI. <b>Turnover from Social Housing lettings</b> is taken from Note 3a.	
<b>Operating Margin (overall)- VFM</b>	<b>Operating Margin (overall)</b> as a percentage of <b>Operating surplus (deficit) (overall)</b> deducting <b>Gain/(loss) on disposal of fixed assets (housing properties)</b> and <b>Gain/(loss) on disposal of other fixed assets</b> divided by <b>Turnover (overall)</b>	<b>Operating Margin</b> is defined above. <b>Operating Surplus</b> is taken from the SOCI. <b>Gain/(loss) on disposal of fixed assets (housing properties)</b> is taken from Note 3(c). <b>Gain/(loss) on disposal of other fixed assets</b> is taken from Note 9. <b>Turnover</b> is taken from the SOCI.	
<b>EBITDA- VFM</b>	<b>Operating surplus (deficit) (overall)</b> deducting <b>Gain/(loss) on disposal of fixed assets (housing properties)</b> and <b>Gain/(loss) on disposal of other fixed assets</b> and <b>Amortised government grant</b> and <b>Government grants taken to income</b> adding <b>Interest</b>	<b>Operating Surplus</b> is taken from the SOCI. <b>Gain/(loss) on disposal of fixed assets (housing properties)</b> is taken from Note 3(c). <b>Gain/(loss) on disposal of other fixed assets</b> is taken from Note 9.	

Financial Measure	Definition	Reconciliation	Additional information
	receivable less <b>Capitalised major repairs expenditure for period</b> adding <b>Total depreciation charge for period</b> divided by <b>Interest capitalised</b> and <b>Interest payable and financing costs</b>	<p><b>Amortised government grant</b> is taken from Note 5.</p> <p><b>Interest Receivable</b> is taken from Note 10.</p> <p><b>Capitalised major repairs expenditure for period</b> is taken from Note 13.</p> <p><b>Total Depreciation</b> is taken from Note 5.</p> <p><b>Interest Capitalised</b> is taken from Note 11.</p>	

The Borrower aims to maintain thresholds in relation to certain key financial measures set out in the table below. Applying the financial information contained in the Borrower Financial Statements to such key financial measures illustrates the Borrower's compliance with such key financial measures.

Financial Measure	Threshold
EBITDA MRI (Excluding Sales) Cash Interest Cover	>120%
Trading Sales over Turnover	<30%

#### Other financial information

The table below sets out the origin of certain other financial information of the Borrower:

Social Housing Turnover	See "Social Housing Activities" and "Other Social Housing Activities" in Note 3(a).
Non-Social Housing Turnover	See "Non- Social Housing Activities" in Note 3(a).
Cost per Unit	See "Key Financial Indicators" in the Financial Statements.

## DESCRIPTION OF THE REGULATION AND FUNDING ENVIRONMENT APPLICABLE TO THE BORROWER

### The Social Housing Sector

Social housing is housing:

- (a) to rent at below market level rents; or
- (b) to buy through schemes such as shared ownership,

in each case that is made available to those whose needs are not served by the commercial housing market. As at 14 August 2023, the Regulator of Social Housing (the **Regulator**) reported that there were 1,595 Registered Providers of Social Housing (**Registered Providers**) in England.

### Regulation and the Regulatory Framework

The Housing and Regeneration Act 2008, (as amended, the **HRA 2008**) makes provision for the regulation of social housing provision in England.

The Regulator is an independent regulator and statutory non-departmental public body, established under the HRA 2008. It is sponsored by the Department for Levelling Up, Housing and Communities (**DLUHC**) with responsibility for the regulation of Registered Providers. The Regulator's statutory objectives and powers of enforcement are set out in the HRA 2008.

The Regulator sets statutory economic and consumer standards that apply to Registered Providers (the **Standards**). The Standards, along with associated codes of practice and regulatory guidance, together constitute the regulatory framework for social housing in England (the **Regulatory Framework**). Registered Providers are expected to comply with the Standards and to establish arrangements to ensure that they are accountable to their tenants, the Regulator and relevant stakeholders. The Regulator's "*Regulating the Standards*" publication outlines its operational approach to assessing Registered Providers' compliance with the Standards.

The Regulator proactively regulates the three Standards which are classified as 'economic'. These are

- the Governance and Financial Viability Standard;
- the Value for Money Standard; and
- the Rent Standard.

The Regulator has issued two codes of practice: one code to amplify the requirements of the Governance and Financial Viability Standard and the second code to support the Value for Money Standard. The Regulator proactively seeks assurance regarding compliance by Registered Providers and maintains a public system of regulatory judgments, with gradings for governance and viability, for each Registered Provider which owns 1,000 or more social housing homes.

The Regulator has also set five Standards that are classified as 'consumer' Standards:

- the Home Standard;
- the Tenancy Standard;
- the Neighbourhood and Community Standard;
- the Tenant Involvement and Empowerment Standard; and

- the Tenant Satisfaction Measures Standard.

The Regulator currently has a reactive role in respect of compliance by Registered Providers with the consumer Standards. Its intervention and enforcement powers are restricted to cases in which there are reasonable grounds to suspect that there is, or there is a significant risk of, serious detriment to tenants (including future tenants). "*Regulating the Standards*" includes guidance as to how the Regulator will assess whether to intervene in response to complaints or information it has received.

In November 2020 the UK Government released a social housing white paper "*The Charter for Social Housing Residents*" that proposed a seven point charter setting out the standards that every social housing resident in England is entitled to expect from their landlord. Many of the recommendations in the white paper require legislative action in order to grant additional statutory powers to the Regulator and amend its statutory objectives. The Social Housing (Regulation) Act 2023 (the **SHRA 2023**) which received royal assent on 20 July 2023, contains the legislative changes that are required in order to implement a new consumer regulatory regime. The SHRA 2023 will implement the removal of the current "serious detriment" test for the Regulator to intervene in cases of non-compliance of the consumer Standards. It brings parity between the consumer and economic regulatory regime, while also refining the Regulator's current economic regulatory role, including by improving its ability to monitor performance. It also gives the Regulator stronger enforcement powers to tackle failure and deficient performance by Registered Providers.

In response to the social housing white paper, the Regulator has introduced a new Standard on tenant satisfaction measures, which came into force on 1 April 2023. The Tenant Satisfaction Measures Standard requires Registered Providers to collect and (annually) report prescribed and meaningful tenant satisfaction data, enabling both tenants and the Regulator to better hold social landlords to account for their performance.

The SHRA 2023 also strengthens the role of the Housing Ombudsman in order to provide tenants with a means of complaint and redress for inadequate housing provision by Registered Providers. A revised Complaints Handling Code (the **Code**), setting out good practice for Registered Providers in responding to complaints fairly and effectively, was published in April 2022 and is actively enforced by the Housing Ombudsman. Registered Providers are required carry out an annual assessment against the Code to ensure their complaint handling remains in line with its requirements and to publish the results.

## **Housing Grant**

Grant funding in the form of social housing assistance (**Grant**) is allocated by central government periodically under the *Affordable Homes Programmes* to support the capital costs of developing affordable housing for rent or sale on shared ownership terms. Allocation of funding outside London under these programmes is administered by Homes England, an executive non-departmental public body sponsored by the DLUHC. Grant for affordable housing development within London is administered by the Greater London Authority.

Historically, Grant has been a critical part of the funding mix for Registered Providers, sustaining their ability to provide housing for rent at below market level rents or on subsidised home ownership terms. Under the most recent Affordable Homes Programme 2021-2026 (**AHP 2021-26**), £7.39 billion has been made available for the supply of new build affordable housing outside London, with a further £4 billion available under the Homes for Londoners: Affordable Homes Programme 2021-2026.

Grant under the current AHP 2021-2026 may support a variety of tenures including social rent, affordable rent (see further below), shared ownership and rent to buy (where rent is set at or below 80 per cent. of the local market rent for 5 years (or more) to allow the tenant to save for a deposit or to purchase on shared ownership terms). Not all of the available funding is allocated from the outset of a programme, and bidders may bid for the remaining funding for development opportunities as these arise during the programme, provided they can be delivered within the programme timescales. Alongside funding for individual development schemes, Homes England operates a strategic partnership

framework for allocation of funding on a tailored, longer term basis. Those appointed as Home England's strategic partners under this framework are typically amongst the larger Registered Providers, although the bidding process is also open to local authorities and developers with a strong track record of delivering new affordable housing.

## **Social Housing Rents**

Rent levels and rental increases for social rent and affordable rent within the social housing sector are strictly controlled in line with UK government policy. Registered Providers are required to set and increase social rents as prescribed in the Rent Standard and the "*Policy Statement on Rents for Social Housing*" published by the DLUHC.

From 1 April 2016, Registered Providers were required by the Welfare Reform and Work Act 2016 (the **WRWA 2016**) to reduce the rent payable by their social housing tenants by 1 per cent. annually for four years, with certain exceptions. For example, reductions did not apply to rents payable by residents in low cost home ownership and shared ownership properties. When the four-year period to which the WRWA 2016 applied came to an end, a new Rent Standard and "*Policy Statement on Rents for Social Housing*" were implemented, with the Rent Standard taking effect from 1 April 2020. Under the new Rent Standard, social rent and affordable rent were permitted to increase each year by up to Consumer Price Index (**CPI**) plus 1 per cent.. Pursuant to an update to the "*Policy Statement on Rents for Social Housing*" in December 2022, the Rent Standard was amended for the 12 month period from 1 April 2023 to mandate that any increase to social rent or affordable rent must be capped at the lower of (i) 7 per cent. or (ii) CPI plus 1 per cent., with limited exceptions. Many Registered Providers also committed to a voluntary equivalent cap to the rental increase on their shared ownership leases.

Since 2011, where a Registered Provider has entered a housing supply delivery agreement with Homes England or the Greater London Authority, that agreement may allow the Registered Provider to charge 'affordable rent' if certain conditions apply. 'Affordable rent' means the rent (inclusive of service charge) for a new tenant under a new tenancy may be up to 80 per cent. of market rent (unless this is lower than the social rent for the property). The grant agreement in respect of funding given under the AHP 2021-26 is a housing supply delivery agreement to charge an affordable rent.

### *Rent Reform*

The Renters (Reform) Bill (**RR Bill**) was introduced to Parliament on 17 May 2023. The RR Bill will legislate for the reforms set out in the DLUHC's white paper, "*A fairer private rented sector*", published in June 2022, to fundamentally reform the English private rented sector. The RR Bill impacts all residential tenancies including those at market rent, social and other low-cost rent, shared ownership, supported housing and intermediate rent. Registered Providers will need to consider many practical changes to their businesses including to their policies, third party contractual arrangements, tenancies, nominations agreements, the management of shared ownership leases, headleases, and any market rent elements of their business. The RR Bill will be debated in Parliament and is likely to be amended before it becomes law.

## **Welfare Benefit Reform**

### *Background*

Most social housing tenants rely on one or more welfare benefits for at least part of their income. According to research in 2014 by the Joseph Rowntree Foundation on the impact of welfare reform on social landlords and tenants, 90 per cent. of social housing tenants receive some form of income support through the welfare benefit system. As a result, changes to the welfare benefit system can materially impact the ability of social housing tenants to meet their housing costs. There have been a range of reforms of the welfare benefit system in the last decade that have had and still have the potential to impact housing affordability for social housing tenants, including capping the overall amount of benefits

households can receive, consolidating multiple benefits into a single payment (**Universal Credit**) and reforms specific to housing such as the Occupation Size Criteria.

#### *Household Benefit Cap*

Under the Welfare Reform Act 2012 (as amended, the **WRA 2012**), the total household benefit cap (the combined income from a number of welfare benefits for those that are of working age) is £22,020 per year for couples or single parents with resident children (or £25,323 in Greater London) and £14,753 per year for single people without children (or £16,967 in Greater London).

Exemptions to the total household benefit cap can apply to those tenants who qualify for working tax credit; are above the qualifying age for pensions credit; obtain certain benefits for sickness and disability; or claim a war pension. The benefit cap will not apply in circumstances where a tenant or a tenant's partner is in receipt of (or is responsible for a child or young person who is in receipt of) benefits such as disability living allowance, personal independence payment or carer's allowance. During the 2023-2024 financial year, households on eligible means-tested benefits, disability-related benefits and pensioners will receive additional "cost of living payments" of up to £900 per year to supplement their usual benefits, which also do not count towards the cap.

#### *Occupation Size Criteria/Bedroom Entitlement*

Under the WRA 2012, there is a size criterion for working age social housing tenants in receipt of housing benefit known as the "removal of the spare room subsidy" or "bedroom tax". The arrangements allow each of certain defined categories of people (such defined categories being: (a) a couple, (b) an adult (over 16), (c) two children of the same sex, (d) two children under the age of 10, (e) any other child, (f) those with a disability, and (g) a non-resident overnight carer) to be entitled to one bedroom. Exemptions will also be applied to properties adapted under a sanctuary scheme. Where a household has one extra bedroom, housing benefit is reduced by 14 per cent. of the rent charge. Where a household has two or more extra rooms, the reduction to housing benefit is 25 per cent..

#### **Universal Credit**

Universal Credit, introduced under the WRA 2012, replaced six existing means-tested benefits and tax credits for working-age families (income support, income-based jobseeker's allowance, income-related employment and support allowance, housing benefit, child tax credit and working tax credit) with a single means-tested monthly payment, transferred directly into a household bank account of choice. Deductions may be made at source for overpayments, arrears and advance loans.

There are three types of alternative payment arrangements available for claimants:

- (a) direct payment of the housing cost element to landlords (known as managed payments) for those claimants who may need extra support in managing the payments;
- (b) splitting of payments between members of a couple (in exceptional circumstances); and
- (c) more frequent payment of benefit where a claimant is two months or more behind in paying rent or where a claimant has continually underpaid their rent and has accrued arrears of an amount equal to or more than one month's rent.

If the Department of Work and Pensions (the **DWP**) does not set up a managed payment, Registered Providers can request a managed payment and inform the DWP of other reasons why a managed payment might be needed. Landlords can request deductions from a claimant's Universal Credit to repay existing rent arrears, known as third party deductions. Deductions will be a minimum of 10 per cent. and a maximum of 20 per cent. of a claimant's Universal Credit standard allowance.

## Right to Buy

It was a manifesto commitment by the Conservative party for the 2015 and 2017 general elections to extend the right to buy (an entitlement afforded to secure local authority tenants) to tenants of Registered Providers. The National Housing Federation (**NHF**) as the representative body of Registered Providers in response proposed a voluntary right to buy (**VRTB**) scheme for secure tenants of Registered Providers. The NHF proposal was premised on four key principles:

- (a) every housing association tenant would have the right to purchase a home at right to buy level discounts (maximum discount of £96,010 (£127,940 in London) increased annually in April in line with CPI) subject to government funding for the scheme;
- (b) Registered Providers have the final decision about whether to sell an individual property;
- (c) Registered Providers will receive the full compensation to cover the value of the discount; and
- (d) nationally, for every home sold under the agreement a new affordable property must be built, thereby increasing the supply of new homes.

The UK Government agreed to the proposals in October 2015, and the Housing and Planning Act 2016 (**HPA 2016**) made provision for grants to be paid to Registered Providers to cover the cost of selling housing assets at a discount. Such grants may be made on any terms and conditions the DLUHC considers appropriate. Five housing associations ran limited VRTB pilot schemes for eligible tenants between 2015 and 2017, and a wider, regional 2 year VRTB pilot scheme was launched in the Midlands in August 2018. These pilot schemes have now closed. The VRTB has not been implemented nationally.

A statutory right to acquire (**RTA**) applies to certain tenants of Registered Providers under the Housing Act 1996. The RTA operates in broadly the same way as the statutory right to buy, except for two key differences: (i) the Registered Provider may sell an alternative property, and (ii) the discount is substantially smaller (maximum £16,000) and does not vary depending on the number of qualifying years as a tenant.

## Building Safety Reforms

Various legislation has been enacted pursuant to the Phase 1 Report issued by the Grenfell Tower Public Inquiry and the recommendations of Dame Judith Hackett in her independent review of fire safety and building regulations, in response to the 2017 Grenfell Tower fire disaster.

### *Building Safety Act 2022*

The Building Safety Act 2022 (together with related secondary legislation, **BSA**) lays a new framework of building safety requirements that impact the complete lifecycle of all residential buildings, from planning and design, through to procurement and construction and then also, post-construction, to occupation and property management. The BSA amends and supplements current legislation in a number of significant ways that include the following:

- A new Building Safety Regulator will provide oversight of the new building safety regulatory regime. The Building Safety Regulator sits within the Health and Safety Executive (**HSE**) and has responsibility for overseeing and driving improvements in the safety and performance of all buildings. In addition, it is responsible for implementing and enforcing a new, more stringent, regulatory regime for defined higher-risk residential buildings (**HRBs**).
- The new and enhanced regulatory regime for HRBs imposes additional statutory duties on (inter alia) building owners and developers throughout the lifecycle of the buildings. This includes new duties for those who commission, design, build or refurbish HRBs, registration of HRBs, a new building control (gateway) process, handover of key compliance and safety information,

and the appointment of an "Accountable Person" who carries statutory responsibility for safety during the occupation phase of the completed (and registered) HRB. It will be a criminal offence, punishable by a fine and/or imprisonment, if any existing HRB is not registered by 30 September 2023.

- The BSA implies rights and obligations into certain leases of premises that consist of or include a dwelling in a HRB. There will be an obligation on residents to ensure they do not undermine the fire and structural safety for the building in which they live.
- The BSA strengthens enforcement powers and sanctions to deter non-compliance with the new HRB regime.
- The BSA enhances the rights of property owners, leaseholders and occupiers to bring claims for defective work in their buildings, defective construction products and non-compliant work, extends relevant limitation periods and widens the scope of who can be held liable. The BSA also ushers draconian new sanctions for companies that refuse to remediate their buildings.
- The BSA will introduce a new building safety levy for developers of all new residential buildings requiring building control approval. It also limits the recovery of remediation costs from leaseholders.

### *Fire Safety Order*

The Regulatory Reform (Fire Safety) Order 2005 (**FSO**) contains the majority of existing fire safety legislation applicable in England and Wales. It represents a consolidated regime under which any person with some level of control over premises would be required to take reasonable steps to reduce the risk from fire and ensure that people could safely escape in the event of a fire. The FSO was originally designed to apply to workplaces, thus its scope includes all non-domestic premises as well as the common areas of any building with two+ residential units, but individual residences are excluded. This gave rise to uncertainty over how the FSO applies to residential buildings. The Fire Safety Act 2021 was enacted to clarify that the fire risk assessment of any building covered by the FSO must include the risks posed by the building's structure and external walls (including cladding, balconies, doors and windows), as well as all doors between domestic premises and common parts. The Fire Safety (England) Regulations 2022 further amended the FSO to legally require "responsible persons" to keep records and share certain information with residents and local fire and rescue services on the design and materials of existing multiple-occupied residential buildings in England.

Under the FSO, those in control, usually as owners or managers, of relevant premises are designated as the "responsible person" and will be the relevant dutyholder(s) in respect of the legislation. Registered Providers are the statutory "responsible persons" in respect of all buildings that they either own or occupy. The FSO is primarily enforced by local fire and rescue authorities.

### **Moratorium and Housing Administration**

In order to protect the interests of tenants and to preserve the housing stock of a Registered Provider within the social housing sector and within the regulatory regime, a 28 day moratorium on the disposal of land (including the enforcement of any security) by a non-profit Registered Provider will apply upon notice being given to the Regulator of certain steps being taken in relation to that provider such as presenting a winding up petition, the appointment of an administrator or the intention to enforce security over its property. Exceptions are made for specific types of lettings, and disposals pursuant to a right to buy or right to acquire. The Regulator may then seek to agree proposals about the future ownership and management of the provider's land with its secured creditors. The Security Trustee is required to notify the Regulator of its intention to enforce the security created pursuant to the Fixed Charges and it cannot enforce its security during the resulting moratorium without the consent of the Regulator.



The Borrower is a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014, and is therefore not subject to administration under the Insolvency Act 1986. However, the HPA 2016, the Insolvency of Registered Providers of Social Housing Regulations 2018 and the Housing Administration (England and Wales) Rules 2018 introduced a special administration regime called housing administration which was brought into force on 5 July 2018 and is available in addition to the moratorium regime. This provides for a court to appoint a qualified insolvency practitioner known as a "housing administrator" to manage the affairs, business and property of a Registered Provider, following an application from the Secretary of State or (with the permission of the Secretary of State) the Regulator.

An interim moratorium will run from the date of issue of an application for a housing administration order until the application is either dismissed or a housing administration order takes effect. Upon the making of a housing administration order, a Registered Provider shall become subject to a moratorium, for so long as such Registered Provider is subject to a housing administration order, during which secured creditors may not enforce their security without the consent of the housing administrator or the permission of a court.

Each housing administration order will last for 12 months (subject to certain exceptions), but may be extended. In certain circumstances a court may make an order enabling a housing administrator to dispose of property belonging to a Registered Provider which is subject to a fixed charge, albeit only on terms that the fixed charge holder receives the proceeds up to the value of the security and those proceeds are topped up to "market value" if the property is sold for less than this.

### **"Net Zero" – Targets and the Impact on the Social Housing Sector**

The Climate Change Act 2008 committed the UK (by law) to an 80 per cent. reduction of greenhouse gas emissions by 2050, compared to 1990 levels. In 2019, the Government revised (and upgraded) the UK's commitment to reducing greenhouse gas emissions to a 100 per cent. reduction through the Climate Change Act 2008 (2050 Target Amendment) Order 2019. The Act also established the Committee on Climate Change (**CCC**) to ensure that emissions targets are evidence-based and independently assessed.

The Climate Change Act 2008 requires the Government to set legally-binding "carbon budgets" to act as formal milestones towards the 2050 target. A carbon budget is essentially a cap on the amount of greenhouse gases emitted in the UK over a five-year period. Carbon budgets must be set at least 12 years in advance of when they will be in place, in order to allow policy-makers, businesses and individuals sufficient time to prepare.

Once a carbon budget has been agreed/set, the Climate Change Act enshrines it in law and places a binding obligation on the Government to put policies in place to ensure the budgeted cap on greenhouse gas emissions is met (i.e. not exceeded). Thereby, the UK is committed to a:

- 51 per cent. reduction of greenhouse gas emissions (on 1990 levels) by 2025;
- 57 per cent. reduction of greenhouse gas emissions (on 1990 levels) by 2030;
- 78 per cent. reduction of greenhouse gas emissions (on 1990 levels) by 2035; and
- 100 per cent. (net zero) reduction of greenhouse gas emissions by 2050.

Among the UK Government's strategies to meet these targets, those that will impact the social housing sector include The Heat and Buildings Strategy (October 2021), which outlines the UK Government's overall strategy for transition to high-efficiency, low-carbon buildings.

The Clean Growth Strategy, which includes a stated aspiration for as many homes as possible to reach EPC Band C by 2035 where practical, cost effective and affordable. The DLUHC is considering bringing

this target forward to 2028 and setting a long term regulatory standard to this end. It is also considering further levers that may be required to decarbonise social housing stock in line with net zero targets:

- The Social Housing Decarbonisation Fund (and other grant funding), providing financial support for upgrading social housing stock currently below Energy Performance Certificate (**EPC**) Band C to that standard. Registered Providers who bid successfully will be asked to contribute a minimum of 50 per cent. of eligible costs by way of co-funding.
- Improvements to the Energy Performance Certificate regime, with a view to driving deployment of necessary energy efficiency measures on a holistic basis to address overheating, ventilation and moisture-risk, and the development of a holistic Net Zero Carbon Building Standard.
- Future policies to drive more resource-efficient construction and use of existing low carbon materials, possibly including phasing in mandatory whole-life reporting and, to follow, minimum standards for all buildings.

### **Reporting on environmental, social and governance metrics**

The Sustainability Reporting Standard for Social Housing (**SRS**) was launched in November 2020 as a voluntary reporting framework to enable housing providers to report on their ESG performance in a transparent, comparable and consistent manner. It was developed collaboratively by certain Registered Providers, funders and other stakeholders in the social housing sector. In 2021 Sustainability for Housing Limited was established to oversee the embedding of the SRS in the sector and its further development in line with market trends and regulatory requirements.

As at June 2023, 94 Registered Providers and 36 financial institutions have adopted the SRS. Registered Provider adopters commit to annual reporting against the SRS and to public disclosure of their report. Lender and investor adopters commit to integrating the SRS into investment and credit policies, processes and/or product design. 49 reports were prepared under the SRS in its first year of operation, and 64 reports in its second year. Sustainability for Housing Limited is in the process of finalising an updated version 2.0 of the SRS, which will take into account its analysis of those reports and feedback from its consultations. The SRS 2.0 will also seek to facilitate ongoing alignment with relevant reporting frameworks and regulatory developments. Adopters will report against the current version in 2023 and against SRS 2.0 in 2024. The Borrower is an adopter of the SRS.

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with:

- (a) the Issuer's audited annual financial statements, which include the report of the board, strategic report, independent auditor's report and annual accounts, for the financial years ended 31 March 2023 and 31 March 2022 (the **Issuer Financial Statements**); and
- (b)
  - (i) the Borrower's audited consolidated annual financial statements, which include the report of the board, operating and financial review, independent auditor's report and annual accounts, for the financial year ended 31 March 2023; and
  - (ii) the audited consolidated annual financial statements, which include the report of the board, operating and financial review, independent auditor's report and annual accounts, for the financial year ended 31 March 2022 of Optivo and Southern Housing Group Limited, the predecessor entities of the Borrower\*,

(together, the **Borrower Financial Statements** and, together with the Issuer Financial Statements, the **Financial Statements**),

which have previously been published and have been filed with the Financial Conduct Authority and shall be incorporated in, and form part of, this Prospectus, save that any statement contained in the Financial Statements shall be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein modifies or superseded such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Prospectus.

\* On 16 December 2022 Optivo and Southern Housing Group Limited were amalgamated, pursuant to section 110 of the Co-operative and Community Benefit Societies Act 2014, to form Southern Housing (the **Amalgamation**). Pursuant to the Amalgamation, all of the assets and liabilities of Optivo and Southern Housing Group Limited were transferred to Southern Housing including, without limitation, the obligations of Optivo as Borrower under the Loan Agreement. The audited consolidated annual financial statements for the financial year ended 31 March 2023 are the first audited financial statements for the amalgamated entity.

Copies of the Financial Statements can be obtained from the registered office of the Issuer, from the specified office of the Principal Paying Agent for the time being in London and on the Issuer's website (at <https://www.southernhousing.org.uk/investors>).

Any documents themselves incorporated by reference in the Financial Statements shall not form part of this Prospectus.

## VALUATION REPORT

The holders of the New Bonds share their security with the holders of the Existing Bonds and will share in the security for the Existing Bonds.

The valuation reports (the **Valuation Reports**) relate to the properties which will be charged in favour of the Security Trustee, for the benefit of the Issuer, and allocated to secure the Bonds as at the New Bond Issue Date (such Properties, the **Existing Properties**). The Issuer confirms that no material changes have occurred since the dates of the Valuation Reports.

The Valuation Report was prepared by Savills Advisory Services Limited, Registered Chartered Surveyors of 33 Margaret Street, London W1G 0JD. 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 or the Borrower.

### Summary of valuations

A summary of the values of the Existing Properties set out in the Valuation Report is set out below:

<b>EUV-SH or, where appropriate, MV-ST*</b>				<b>Total</b>
Units	EUV-SH is appropriate	Units	MV-ST is appropriate	
No.	£	No.	£	£
<b>389</b>	<b>£45,287,969</b>	<b>1,863</b>	<b>£415,667,460</b>	<b>£460,995,429</b>

\* A further 47 units have been given a nil value.

# Southern Housing

Valuation of housing stock relating to the issue by Optivo Finance plc of £100,000,000 5.25 per cent. Secured Bonds due 2043 (to be consolidated and form a single series with the existing £300,000,000 5.25 per cent. Secured Bonds due 2043)

6 September 2023

Savills Advisory Services Limited

[savills.co.uk/valuations](https://savills.co.uk/valuations)



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# Report and Valuation

Southern Housing



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## 1. Instructions and Terms of Reference

- 1.1. Client** Southern Housing (the "Borrower")
- 1.2. Property** 2,299 Properties for Bond Security Purposes
- 1.3. Issuer** Optivo Finance Plc
- 1.4. Addressee Language** M&G Trustee Company Limited  
10 Fenchurch Avenue  
London EC3M 5AG

Optivo Finance Plc  
Fleet House  
59-61 Clerkenwell Road  
London EC1M 5LA

Southern Housing  
Fleet House  
59-61 Clerkenwell Road  
London EC1M 5LA

**1.5. Instructions and Basis of Valuation**

This Report is required in connection with the proposed issue by the Issuer of £100,000,000 5.25 per cent. Secured Bonds due 2043 (the "New Bonds") (to be consolidated and form a single series with the existing £300,000,000 5.25 per cent. Secured Bonds due 2043 (together with the New Bonds, the "Bonds")).

Further to instructions received from the Borrower and the Reliance Letter dated 11 August 2023 which confirmed our instructions we now have pleasure in reporting the following valuations and advice.

The schedule of properties which are the subject of this valuation comprises 1,100 houses and 1,152 flats (the "Properties"). Apportioned values are attached at Appendix 1 and relate to 2,252 properties with value plus 47 nil value properties, being 2,299 properties in total.

In completing this exercise, we have:

- a) agreed a full set of property schedule data with the Borrower.
- b) discussed details as to our approach and methodology; and
- c) completed our own thorough desktop review, research and analysis.

The above has enabled us to arrive at the valuation assumptions that have enabled us to carry out our valuations and final reported figures herein.

For the avoidance of doubt, we confirm that it would not be appropriate or possible to compare this valuation with any values appearing in the Borrower's annual accounts. This Report has been prepared in accordance with the RICS Red Book (as defined herein). The valuations are prepared on this basis so that we can determine the value recoverable if the charges over the Properties were enforced as at the Effective Date (as defined herein). We understand that the values given in the accounts of the



Borrower are prepared on an historic cost basis, which considers how much the Properties have cost and will continue to cost the Borrower. This is an entirely different basis of valuation from that used for loan security purposes. Moreover, the figure in the Borrower's latest published annual accounts represents a valuation based on the going concern of the whole stock of the Borrower, in contrast with the valuation for the Bonds which only represents the value to a funder in possession of a portion of the stock. As such different assumptions would be applied. Consequently, in addition to being impractical, any comparison would not be an accurate comparison.

Our valuations have been carried out on the basis of the General Assumptions and Standard Conditions set out in Section 8.

### **Unencumbered Properties – MV-STT**

In relation to Properties which may be disposed of by a mortgagee in possession on an unfettered basis (meaning subject to tenancies but otherwise vacant possession and not subject to any security interest option or other encumbrance or to any restriction preventing its sale to, or use by, any person for residential use):

The Market Value of such properties for loan security purposes firstly reflecting the fact or (where not the case) making an assumption as to the fact that the properties are subject to existing tenancies that grant security of tenure to the occupational tenant. Our valuation will refer to this basis of value as "MV-STT" or "market value, subject to tenancies".

### **Encumbered Properties – EUV-SH**

In relation to properties other than those specified above that have restrictions on title or in planning:

The Existing Use Value for Social Housing ("EUV-SH") of such properties for loan security purposes.

## **1.6. Definition of Bases of Value**

Existing Use Value for Social Housing is defined by the Royal Institution of Chartered Surveyors ("RICS") at UK VPGA 7 as:

*"Existing use value for social housing (EUV-SH) is an opinion of the best price at which the sale of an interest in a property would have been completed unconditionally for a cash consideration on the valuation date, assuming:*

- a) *a willing seller*
- b) *that prior to the valuation date there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest for the agreement of the price in terms and for the completion of the sale*
- c) *that the state of the market, level of values and other circumstances were on any earlier assumed data of exchange of contracts, the same as on the date of valuation*
- d) *that no account is taken of any additional bid by a prospective purchaser with a special interest*
- e) *that both parties to the transaction had acted knowledgeably, prudently and without compulsion*

- f) *that the property will continue to be let by a body pursuant to delivery of a service for the existing use*
- g) *that the vendor would only be able to dispose of the property to organisations intending to manage their housing stock in accordance with the regulatory body's requirements*
- h) *that properties temporarily vacant pending re-letting should 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*
- i) *that any subsequent sale would be subject to all the same assumptions above"*

Market Value is defined by the Royal Institution of Chartered Surveyors at VPS 4.4 as:

***"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."***

## 1.7. Additional Advice

### Indicative Aggregate Market Value with Vacant Possession

In accordance with your instructions, we have calculated the indicative aggregate Market Value of the housing stock, assuming vacant possession, as at the date of this Report.

Please note that this figure cannot be regarded as a valuation since in practice the housing stock, which is subject to tenancies, could not be sold to another RP for this amount. The figure is provided for illustrative purposes only and is given with nil reliance.

## 1.8. Conflicts of Interest

We are independent valuers and are not aware of any conflict of interest, either with the Properties, the Borrower or the Issuer, preventing us from providing you with an independent valuation of the Properties in accordance with the RICS Red Book. We will value the Properties as External Valuers, as defined in the RICS Red Book.

We confirm that Savills Advisory Services Limited does not have a material connection or involvement with the subject property or any other parties and there are no other factors that could limit the valuer's ability to provide an impartial and independent valuation. Accordingly, we are reporting on an objective and unbiased basis.

## 1.9. Date of Valuation

Our opinions of value are as at 6 September 2023 which is the date of this report (the "Effective Date"). The importance of the date of valuation must be stressed as property values can change over a relatively short period.

## 1.10. Purpose of Valuation

We understand that our valuation is required for loan security purposes in connection with the proposed issue by the Issuer of the New Bonds. The Properties have been charged pursuant to Fixed Charges by the Borrower as security in favour of the Security Trustee and held by the Security Trustee on the basis of the Security Trust Deed for the benefit of itself and the Issuer. The Issuer has, pursuant to the Bond Trust Deed constituting the Bonds, assigned its rights in respect of the Properties to the Bond Trustee for the benefit of the Bond Trustee, the holders of the Bonds and the other Secured Parties.

This Report is issued for the benefit of the addressees and for the inclusion in the Prospectus (the "Prospectus") for the New Bonds to be issued by 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. Having taken all reasonable care to ensure such is the case, the information given in this Report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

## 1.11. Valuer Details and Inspection

The due diligence enquiries referred to below were undertaken by Katrina Maclean MRICS, Catherine Wilson MRICS and Andrew Garratt FCIH FRICS. The valuations have also been reviewed by David Cotterell FRICS.

The stock was inspected externally by employees of Savills between the dates of 14 and 21 August 2023. In accordance with our instructions, this Report has been prepared on the basis of external inspections of the properties. We are confident that we have thorough and up to date knowledge of the stock and a robust understanding of the properties and the sub-markets, and the market in general in which this portfolio is placed.

All those above with MRICS and FRICS qualifications are also RICS Registered Valuers and Savills Directors located in the London office. Furthermore, in accordance with VPS 3.7, we confirm that the aforementioned individuals have sufficient current local and national knowledge of the particular market and the skills and understanding to undertake the valuation competently.

## 1.12. RICS Compliance

This Report has been prepared in accordance with the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2022 together, where applicable, with the UK National Supplement effective 14 January 2019, (together the “Red Book”).

## 1.13. Extent of Due Diligence Enquiries and Information Sources

Where possible in the time available, we have verified, and supplemented information provided to us. However, if further information becomes available of which we are not currently aware, we reserve the right to amend our valuation accordingly to take this into account.

The extent of the due diligence enquiries we have undertaken and the sources of the information we have relied upon for the purpose of our valuation are stated in the relevant sections of this Report.

In summary the Borrower has provided the following:

- Property schedule including addresses, rents, property types etc.

## 1.14. Market Conditions

The UK economy continues to grapple with inflationary pressures amid sluggish economic growth. In the first quarter of 2023, the UK witnessed a modest expansion, leading the IMF to upgrade their forecasts and dismiss the possibility of a recession this year. To combat inflation, the Bank of England has been consistently raising interest rates, reaching 5.25% in August 2023.

It is difficult to predict precisely what the future holds for the mainstream housing market as there continues to be a period of reduced confidence and uncertainty. A lot will depend on the impact of the cost and availability of mortgage debt over the medium

term, as well as the extent to which policymakers and lenders seek to mitigate the potential impact of a sharp increase in interest rates.

Considerable financial strain has been put on existing borrowers who are already on a standard variable rate (SVR) and will impact borrowers who are coming to the end of a fixed rate deal, albeit borrowers will have been stress tested (SVR +3% before Aug 22, and SVR + 1% after) which means most borrowers should theoretically be able to afford the new, higher rates (albeit the tests did not reflect the increased cost of energy or food prices).

There are significant distinctions between the current situation and the Global Financial Crisis (GFC) back in 2007/08, when there was no stress test and even a small increase in mortgage rates was unaffordable for many. Mortgage rates for new loans had been steadily declining following the upheaval caused by the mini budget in September 2022. However, since April 2023, there has been a gradual increase which has resulted in a decline in overall market activity with the potential to exert further downward pressure on house prices.

With inflation still stubbornly high, the Bank of England may come under pressure to again raise interest rates. While lenders had priced in some rises to the base rate, the market reaction to the May inflation data suggested that tolerance may have been exceeded. Mortgage rates therefore reversed their downward trend. This has also caused lenders to withdraw some mortgage products in order to reprice them. The number of first-time buyer products available at the start of June 2023 was 4.4% lower than a week earlier. While this is a sign of caution from lenders, it's a far cry from the 50% fall in products the week after the mini-budget last September.

It is therefore important to recognise that our valuation has been prepared against the backdrop outlined above. Moreover, investor behaviour can change quickly during such periods of heightened volatility. As such, the conclusions set out in this Report are only valid at the valuation date and we would recommend that the value of the property is kept under regular review. For the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined in the RICS Valuation – Global Standards.

## 1.15. General Assumptions and Conditions

All valuation advice has been carried out on the basis of the *General Assumptions and Conditions* set out in Section 8.

## 1.16. Signatories



**Katrina Maclean BSc (Hons) MRICS**  
RICS Registered Valuer  
Associate



**Catherine Wilson BSc (Hons) MRICS**  
RICS Registered Valuer  
Director

A handwritten signature in black ink, appearing to read "A. Garratt".

**Andy Garratt BA FRICS FCIH**  
**RICS Registered Valuer**  
**Director**

For and on behalf of Savills Advisory Services Limited, a subsidiary of Savills Plc

Regulated by RICS  
Registered in England No. 6215875  
Registered Office: 33 Margaret Street, London, W1G 0JD

**1.17. Date of Report**

6 September 2023

## 2. Executive Summary of Valuation

### 2.1. Valuation of All Property

Based on the schedule of Properties provided by the Borrower and upon assumptions detailed in this Report, our opinions of value on the bases indicated as at the date of this Report are as follows:

Our opinion of value, in aggregate, of the 1,863 dwellings as mentioned at 1.2 above, on the basis of

- **Market Value – Subject to Tenancies (MV-STT) is £415,667,460 (Four Hundred and Fifteen Million, Six Hundred and Sixty Seven Thousand, Four Hundred and Sixty Pounds)**

Our opinion of value, in aggregate, of the 389 rented dwellings as mentioned at 1.3 above, on the basis of

- **Existing Use for Social Housing (EUV-SH) is £45,287,969 (Forty Five Million, Two Hundred and Eighty Seven Thousand, Nine Hundred and Sixty Nine Pounds)**

There are 47 properties which have been ascribed a nil value.

A detailed breakdown of the categories of property concerned and their respective values is given at Section 6 below.

A summary of the valuations split between Freehold and Leasehold property is in Section 6. A full property schedule with apportioned values is included at **Appendix 1**.

### 2.2. Map of Stock

Map showing stock distribution.



## 3. The Property, Statutory and Legal Aspects

### 3.1. Location

The Properties comprise 2,252 properties in the local authority areas detailed in the table below. We have excluded 47 Nil Value properties.

**Table 1: Portfolio Breakdown**

Location	Flats & Maisonettes	Houses & Bungalows	Total
Arun	25	161	186
Birmingham	106	70	176
Bromley	58	17	75
Bromsgrove	-	17	17
Canterbury	5	42	47
Croydon	200	47	247
East Northamptonshire	24	39	63
Eastbourne	18	14	32
Enfield	54	39	93
Greenwich	85	12	97
Hastings	67	102	169
Lambeth	81	27	108
Lewisham	60	17	77
Medway	-	7	7
Merton	45	40	85
North Warwickshire	-	10	10
Reigate and Banstead	-	6	6
Rother	-	112	112
Solihull	-	11	11
Southwark	74	35	109
Sutton	35	16	51
Swale	43	146	189
Tandridge	12	12	24
Tower Hamlets	58	-	58
Wandsworth	41	5	46
Westminster	8	-	8
Worthing	53	96	149
<b>Grand Total</b>	<b>1,152</b>	<b>1,100</b>	<b>2,252</b>

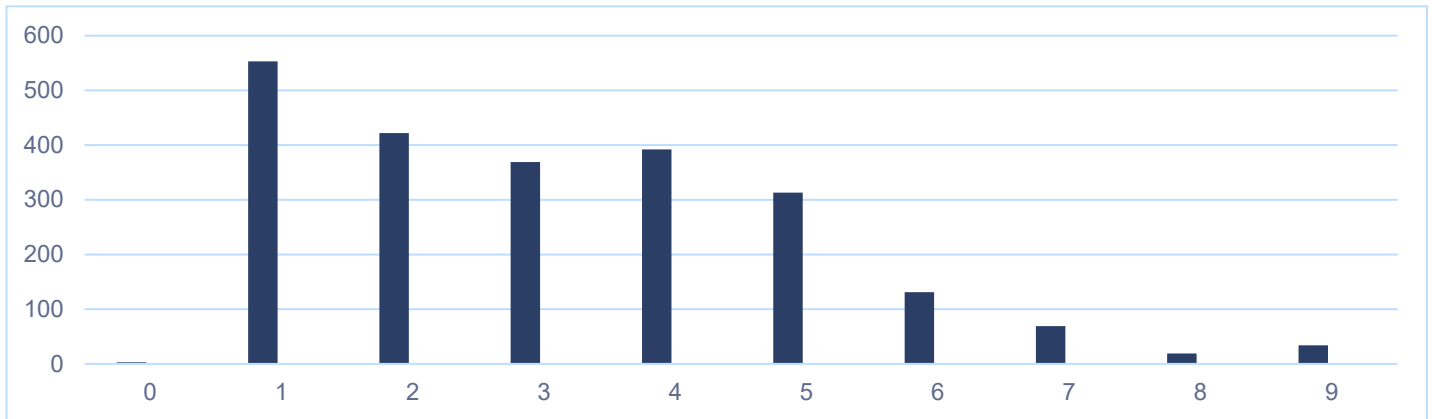
Source: The Borrower

The stock is a mixture of houses, bungalows and flats dating from pre-1920s to post-2000. Whilst locations vary, many properties are located within good proximity of reasonable transport links and amenities.

The spread of the stock is shown by the map in the Executive Summary.

Our knowledge of the stock highlighted some clusters of apparent social deprivation, and some in areas with no deprivation. Our analysis of this using multiple deprivation indices provided by the Department for Levelling Up, Housing and Communities (“DLUHC”) suggests that whilst there are pockets of poverty and affluence within the stock. The Index of Multiple Deprivation (“IMD”) looks at seven domains of deprivation such as income, employment, education level, health and disability and crime, in our analysis we focus on the income domain.

**Chart 1 – Stock distribution by income decile**



Source: DLUHC

The majority of the stock (90%) is within deciles 1 - 5, with a number of units in the higher deciles 6 – 9. The largest income decile within the subject stock is 1, with 553 (24%) of units in this grouping.

### 3.2. Property Types

The properties can be summarised by type and letting category as follows:

**Table 2: Property Types and Letting Category**

Type	Flats & Maisonettes	Houses & Bungalows	Total
GN Social	776	1,044	1,820
GN Affordable	104	34	138
HOPS	181	7	188
Supported	35	1	36
SO	56	14	70
<b>Total</b>	<b>1,152</b>	<b>1,100</b>	<b>2,252</b>

Source: Savills & The Borrower

Appendix 1 includes a full list of the properties.



## 3.3. Title

### 3.3.1. Report on Title

Our valuation reflects our opinion of value in aggregate of the freehold or long-leasehold interests (in each case) of the Properties owned by the Borrower and identified by the subject of this Report and scheduled at Appendix 1.

In respect of each Property which we have valued on the basis on MV—STT we confirm that we have reviewed the Certificates of Title and confirm that the relevant Property can be disposed of on an unfettered basis (i.e. subject only to 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). Appendix 2 provides details of the properties that we consider should be restricted.

### 3.3.2. Tenancies

We have not been supplied with copies of the Borrower's standard tenancy agreements but assume all to be in a standard format. Under the assured tenancy agreement rent can be reviewed once a year to an open market level. The tenant has the usual rights of appeal to the local Rent Assessment Committee.

Under the secure tenancy agreement rent is reviewed every 2 years with reference to the local Rent Officer.

### 3.3.3. Shared Ownership Leases

We have not been supplied with a copy of the standard shared ownership lease which is granted for a term of 99 -125 years. The leaseholder is responsible for all repairs. The leases allow staircasing by the leaseholders whereby they can purchase additional blocks of equity at market value.

The clauses of most importance to the valuer are the level of specified rent, which is set at the leases inception, and the rent review provisions. The rent review provisions in the shared ownership leases have a variety of provisions, generally following accepted norms; older leases have an RPI plus 2%, RPI plus 1%. More modern leases will specify RPI or RPI plus 0.5%.

Full details of the rents payable, the equity held by the Borrower are set out in **Appendix 1**.

## 3.4. Condition

### 3.4.1. General Condition

As instructed, we have not carried out a structural survey, nor have we tested any of the services. However, we would comment, without liability, that during the course of our inspection for valuation purposes, we observed that the property appears to be in reasonable condition throughout etc.

Apart from any matters specifically referred to in this Report, we have assumed that the Properties are free from structural faults or other defects and are in a good and lettable condition internally. This Report is prepared on this assumption.

### 3.4.2. Mould and Damp

In 2022 Registered Providers were required by the Regulator of Social Housing to submit evidence about the extent of damp and mould in tenants' homes, providing information and evidence about the process of identifying, reviewing, and responding to issues of Mould and Damp within their housing stock. Although the review was not compulsory the majority of RPs responded, and the regulator concluded that while the picture is incomplete, the estimate is that less than 0.2% of social homes have the most serious

damp and mould problems, 1-2% have serious damp and mould problems.

We have made enquiries of the Borrower which has confirmed that any required works will be picked up as part of their standard repairs. We have assumed that should any issues come to light there are sufficient provisions within our valuation to cover general responsive repairs to the portfolio. We assume that there are no additional urgent major catch-up works required, however we cannot guarantee that additional works and costs could be required in the future and ideally the results of these further investigations, when available, should be referred back to us.

### 3.5. Multi-Storey, Multi-Occupancy Buildings

Following the Grenfell Fire tragedy in June 2017 there has been an extensive review of building safety in multi-storey, multi-occupancy buildings. This has led to new legislation and a number of UK Government and other professional publications and recommendations, including publications and advice from the RICS, which we have had regard to in forming our opinion of value.

In March 2021 the RICS Guidance Note 'Valuation of properties in multi-storey, multi-occupancy residential buildings with cladding' 1st edition (the RICS Guidance Note), was published and came into effect on 5 April 2021.

For the purposes of valuation approach, the RICS Guidance Note categorises multi-storey buildings by storey height, 1-4 storeys (low rise), 5-6 storeys (medium rise) and more than 6 storeys (high rise). The table below reflects this categorisation as applied to the subject portfolio.

**Table 3: Multi-Storey, Multi-Occupancy Buildings**

Block Type	Properties	Percentage Spread
1-4 Storeys (low rise)	1,041	90%
5-6 storeys (medium rise)	67	6%
>6 storeys (high rise)	44	4%
<b>Total</b>	<b>1,152</b>	<b>100%</b>

Source: The Borrower

More recently, the RICS Professional Standard 'Valuation approach for properties in multi-storey, multi-occupancy residential buildings with cladding' (the RICS Professional Standard) came into effect on 6 December 2022. This latter document provides a useful summary of the current UK Government guidance on building safety in multi-storey, multi-occupancy buildings, which is set out below.

On 10 January 2022, the UK Government set out plans to protect leaseholders and ensure those responsible are aware of their duties for remediating buildings with fire safety concerns in relation to the building remediation works crisis. The proposals included:

- opening up the next phase of the Building Safety Fund to drive forward the removal of dangerous cladding from high-rise residential buildings 18m+/7 storeys or more;
- new protections for leaseholders living in their own flats with a commitment of no or limited bills (subject to individual lease qualification) for unsafe cladding and new statutory protections for leaseholders within the Act;
- the Consolidated Advice Note (CAN) in relation to building safety advice (including fire doors), aimed at building owners, was withdrawn with immediate effect (but remains available as a historical reference document), and
- BSI PAS 9980:2022 Fire risk appraisal of external wall construction and cladding of existing blocks of flats, code of practice was published (and came into force on 31 January 2022) to help fire risk assessors take a proportionate approach to the assessment of external walls and avoid wholesale cladding replacement where safe to do so.

The PAS 9980:2022 code of practice for external walls is for building surveyors and fire engineers who need to carry out mandatory external wall fire risk assessments on buildings as part of the Fire Safety Act 2021 amendments. The Fire Risk Appraisals of External Walls ("FRAEW") must include an assessment of the external wall system by a suitably qualified practitioner. The FRAEW must also have an executive summary that the mortgage valuer can use to ascertain whether remediation works are needed or not along the lines of an EWS1 form.

In time an FRAEW will be carried out for all blocks with cladding (where appropriate), and RICS envisages the need for an EWS1 form will then reduce.

The recent RICS Practice Statement is designed to help valuers undertaking valuations for secured lending purposes on domestic residential flats, within residential blocks of 5 or more storeys or 11 metres or more tall, in line with the remediation schemes and qualifying lease protections applicable in England. For buildings 4 storeys or fewer or under 11m, RICS advised that valuers should consider any applicable supporting information, set out in the RICS' Guidance Note and confirms that the valuation approach should be agreed with the client.

As identified in table 5 above, the subject portfolio includes Properties in buildings of 5 or more storeys and/or 4 storeys and fewer and we have therefore had regard to the RICS Guidance Note and/or the RICS Practice Statement in arriving at our opinion of value.

70 Upper North Street, London E14 6EW

The Borrower has informed us that this building comprises 5 storeys or concrete frame and contains ACM, MCM or HPL panels. We have not been provided with an EWS1 form but have been provided with remediation costs in respect of Fire Safety works. The cost per property is £31,420, which amounts to £1,162,540 for all 37 properties, and which has been applied to our valuation. We reserve the right to review our valuation should any further information come to light.

## **3.6. Environmental Considerations**

### **3.6.1. Ground and Soil Conditions**

We have valued the Properties on the assumption that they have not suffered any land contamination in the past, nor are they likely to become so contaminated in the foreseeable future. However, should it subsequently be established that contamination exists at the Properties, or on any neighbouring land, then we may wish to review our valuation advice.

We have assumed there to be no adverse ground or soil conditions and that the load bearing qualities of the site are sufficient to support the building constructed thereon.

### **3.6.2. Japanese Knotweed**

Southern Housing has confirmed to us that, to the best of its knowledge, there are no invasive plants present at the properties.

### **3.6.3. Asbestos and Deleterious Materials**

We have prepared our valuation on the assumption that in the construction or alteration of the properties no use was made of any deleterious or hazardous materials or techniques, and we have not carried out any investigations into these matters. We have assumed further that either there is no asbestos present within the building(s) or if there is asbestos present this is recorded and managed within an Asbestos Register in accordance with the Control of Asbestos Regulations 2012.

### **3.6.4. Flooding**

The Borrower has informed us that 77% of the properties have no risk, 18% are classed as either having 'very low' or 'low' risk and 5% have a 'medium' risk of flooding.

## 3.7. Sustainability and ESG

For the purposes of this Report, we have made enquiries to ascertain relevant ESG and Sustainability factors which are likely to impact on value.

Investors may have diverse investment strategies to drive returns, but ESG is an increasingly critical influence on investment and management decision-making throughout the industry. ESG assessment looks at the impact of the physical building (base specification and in-use) on the environment, and investment criteria may cover everything from carbon emissions, asset-level certifications, be they environmental or health and wellbeing accreditations, energy and utility management and deployment of technology to monitor and measure compliance.

Social and community benefits and the nature of tenant operations may also be considerations, and importantly, the costs of transition to make buildings compliant are key.

Investors are also recognising that ESG is changing what tenants want, driving their current and future occupational needs, and that buildings must accommodate these needs.

### 3.7.1. Energy Performance Certificates (EPCs)

The provisions of the Energy Act 2011 make it unlawful to sell or let commercial or residential properties without an EPC rating, or with an EPC rating of F or G (the lowest 2 grades of energy efficiency).

Properties classified as low-cost rental accommodation under section 69 of the Housing and Regeneration Act where the Landlord is a private registered provider of social housing, or where the landlord is a body registered as a social landlord under Chapter 1 or Part 1 of the Housing Act 1996, fall under the exemptions for the legislation.

However, the properties would be required to be compliant in the event that they were in private ownership following enforcement of the security. We have valued on the assumption that the properties are compliant.

**Table 4: EPC Rating**

EPC Rating	SAP Score	Properties	Percentage Spread
B	81 - 91	281	12.5%
C	69 - 80	1,433	63.6%
D	55 - 68	491	21.8%
E	39 - 54	14	0.6%
F	21 - 38	5	0.2%
Not Available		28	1.3%
<b>Total</b>		<b>2,252</b>	<b>100%</b>

Source: The Borrower

Where available, the Borrower has provided us with EPC ratings. 98.5% of the stock have an EPC rating of B – E. There are 5 properties with an 'F' rating. The remaining 1.3% either do not currently have an EPC rating or we have not been provided with ratings. We have provided the EPC ratings on our property schedule at **Appendix 2**.

Overall, the EPC ratings are in keeping with expectations of the stock given its age, type and condition. The Market Values and Market Rents applied take these characteristics into consideration and we anticipate that a reasonable to good demand for the stock could be anticipated assuming on-going maintenance and investment in the stock.

## 3.8. Fire Risk Assessments

We assume that, where applicable, Fire Risk Assessments (“FRAs”) have been undertaken where required and are within date, and that the properties comply with all relevant standards and regulations. Our valuation is prepared on this assumption.

We have applied remediation costs provided by the Borrower in respect of Fire Safety works to 37 properties at 70 Upper North Street London E14 6EW.

## 3.9. Planning Enquiries

The “Property Documents” means the Certificates of Title and copies of standard tenancy agreements and various planning agreements in respect of the Properties valued in this Report.

We have not made specific planning enquiries for each site. We have therefore assumed for the purposes of this Report, save as set out in the Property Documents, that there are no planning conditions that would adversely affect the valuation.

## 3.10. Lotting

You have instructed us to value the properties as a portfolio assuming disposal as a single lot.

## 3.11. Rental Income

The net annual rental income currently produced by the properties, before deductions, is shown in the following table broken down by letting category.

**Table 5: Annual Net Rental Income 2023/24**

Type	Net Rent £
General Needs – Social Rented	11,936,951
General Needs – Affordable Rented	1,182,722
Sheltered	1,030,749
Supported	205,687
Shared Ownership	520,238
<b>Total</b>	<b>14,876,347</b>

Source: The Borrower

Average net rent levels, on a 52-week year basis, are shown below, as derived from the property schedule sent to us by the Borrower:

**Table 6: Weekly Net Rent Levels 2023/24**

Type	Current Rent £
General Needs Houses	130.72
General Needs Flats	119.96
Sheltered Houses	107.69
Sheltered Flats	105.35
<b>Social Rented Average</b>	<b>124.19</b>
General Needs Houses - Affordable	157.81
General Needs Flats - Affordable	167.11
<b>Affordable Rented Average</b>	<b>164.82</b>
Supported	109.88
Shared Ownership	142.92
<b>Total</b>	<b>127.04</b>

Source: The Borrower

### 3.12. Indicative Vacant Possession Values and Indicative Market Rents

The table below shows the average indicative vacant possession values and indicative Market Rents that we have adopted for the properties included within the valuation, summarised by type and bedroom number.

**Table 7: Indicative Vacant Possession Values and Market Rents**

Type	Bedrooms	Number of Properties	Average Indicative 100% VP	Average Weekly Indicative Market Rent
Flat	0	6	£126,000	£161
	1	601	£218,000	£223
	2	448	£306,000	£296
	3	85	£436,000	£385
	4	12	£523,000	£460
<b>Flat Total</b>		<b>1152</b>	<b>£271,000</b>	<b>£266</b>
House	1	22	£197,000	£187
	2	370	£288,000	£260
	3	613	£338,000	£312
	4	77	£464,000	£409
	5	14	£511,000	£465
	6	4	£746,000	£586
<b>House Total</b>		<b>1,100</b>	<b>£331,000</b>	<b>£302</b>
<b>Grand Total</b>		<b>2,252</b>	<b>£300,000</b>	<b>£283</b>

Source: Savills \*Excludes Nil Value properties

Further details of indicative vacant possession values and indicative Market Rents can be found on the property schedule at **Appendix 1**.

## 4. Market Commentary

### 4.1. Economy Overview

In common with other economies around the world, the UK economy suffered in 2020 as the COVID-19 pandemic was the dominant feature of the global economy. As a result, the UK Government increased borrowing to put in place significant support measures for the economy and businesses, and to reduce the impact of the pandemic.

Since declaring the COVID-19 pandemic in March 2020, we are facing another impact on the global economy due to the invasion of the Ukraine by the Russian military on 24 February 2022. The war in Ukraine has exacerbated inflationary pressures and undermined risk appetite for a host of reasons. These factors have weighed heavily on longer-term rates, as well as the short end of the yield curve. UK Government bond yields and swap rates have experienced excessive volatility, being pulled in opposite directions as investors struggle to balance the prospect of inflation driving rates higher, on the one hand, with the threat of recession on the other.

Inflation in the UK, and around the world, has continued to ever-higher levels and CPI inflation was 8.7% in April 2023. The Monetary Policy Committee of the Bank of England has increased the Bank Rate a number of times since December 2021, currently standing at 5.25% and being the highest level which it has been since before the 2008 Financial Crisis. The Bank of England accompanied this announcement with estimates that the economy is already in recession but that the expected downturn will be shorter and shallower than the Bank's last projections back in November 2022.

The UK labour market remains tight but real wages suffered their fastest rate of decline since records began in 2001. Rising costs of living in the UK are putting household income under increasing strain.

### 4.2. Residential Property Forecasts – November 2022

On the assumption that interest rates gradually ease back from the middle of 2024, Savills Research is forecasting (November 2022) that values will begin to recover and that the average UK house price will rise by a net figure of 6% in nominal terms over the next five years.

This is expected to be accompanied by a fall in housing transactions to levels a little less than three quarters of the pre-pandemic norm, as first-time buyers and buy-to-let investors bear the brunt of increased affordability pressures in 2023.

By end of the forecast period (2027), the average UK house price is expected to be at £381,578, a £22,290 gain over five years. This will put prices a significant £92,000 above the pre-pandemic level, following two and a half years of considerable growth (+24% to the end of September 2022). Our latest five year forecast for mainstream residential property is shown in the table below.

**Table 8: Nominal House Price Forecasts – Mainstream Markets November 2022**

Region	2023	2024	2025	2026	2027	5-Year
UK	-10.0%	1.0%	3.5%	7.0%	5.5%	<b>6.2%</b>
East Midlands	-9.0%	1.5%	4.0%	7.5%	5.5%	<b>8.9%</b>
West Midlands	-9.0%	1.5%	4.0%	7.5%	5.5%	<b>8.9%</b>
South East	-11.0%	0.0%	3.0%	6.5%	5.5%	<b>3.0%</b>
London	-12.5%	-1.0%	2.0%	6.0%	5.0%	<b>-1.7%</b>

\* Note these forecasts apply to average prices in the second-hand market. New Build prices may not move at the same rate. \*Source Savills Research

The housing market remained remarkably strong through the first nine months of 2022, but demand dynamics changed over the autumn with the realisation that the Bank of England would need to go faster and further to tackle inflation.

Savills Research continues to expect mainstream housing markets furthest from London, where mortgage affordability is least stretched, to be the strongest performers over their five-year forecast period, with slightly less short term downward pressure on prices and more capacity for price growth during the recovery.

### 4.3. Housing Market Summary (August 2023)

House prices slipped by -0.2% in July, bringing annual falls to -3.8%, according to Nationwide. It is worth noting that home values were close to their peak last July, hence the sizeable annual adjustment. While the monthly fall was modest, we expect a continued downward trajectory as high mortgage rates suppress the market.

There is significant variation behind this national figure. Blaenau Gwent performed strongest, with annual growth to April of 13.1%. Aberdeen has continued to fall (down -1.6% annually) and has now been joined by the London boroughs of Southwark (-1.6%), Hammersmith and Fulham (-1.1%), Brent (-1.0%), and Hackney (-0.8%), as high mortgage rates put increased pressure especially on areas of stretched affordability.

Activity has remained more robust, as the number of completions rose in June to 94,690, according to HMRC. This was 86% of their 2017-19 average, up from 77% in May, as a rise in mortgage approvals in the early part of the year translated into completions.

An increasing number of surveyors reported both decreasing supply and demand, according to the RICS June survey. The gap between supply and demand widened, which will suppress values.

Low numbers of mortgage approvals also indicate reduced demand, with the number of mortgage approvals in June at just 85% of the pre-covid average, according to the Bank of England. This was accompanied by a fall in the number of sales agreed to 87% of their pre-covid average in June from 97% in May, according to TwentyCI.

Continued high mortgage rates are suppressing activity, although we are now likely near the peak in rates. On 3 August 2023, the Bank of England ("BoE") raised the base rate by 0.25%. Oxford Economics expect the base rate to peak at 5.50% by the end of 2023 as the BoE prioritises combating inflation.

Most lenders have priced in a base rate of this magnitude, and there was little movement in quoted rates following the hike on the 3rd. We don't anticipate significant movement unless inflation surprises on the upside, which would force further action from the BoE.

Inflation is trending down at last, falling to 7.9% in June, down from 8.7% in May, according to the ONS. This was a slightly larger drop than many economists had predicted, but it's important to be wary of a single month of data.

Please refer to **Appendix 2** for a full, detailed market commentary.



## 4.4. Market Rental Commentary (August 2023)

Annual rental growth across the UK remained high at 10.4% in June, up 0.1% compared to May. Rental growth accelerated across all regions except Yorkshire & Humber and Wales on a month-on-month basis. The North West had the biggest growth in June, up 1.2%, according to Zoopla, bringing its post-pandemic growth since March 2020 to 27.9%. This was above the UK average of 23.8%.

Scotland remained the region with highest annual rental growth, at 13.1% in June, as well as the highest quarterly growth of 3.0%. On a quarterly basis only London and the North East had growth below 2%, with the UK average up to 2.2% compared to 1.7% in May. This suggests rental growth has begun to accelerate again.

Published in November 2022, our latest five year forecast for residential rental property is shown in the table below.

**Table 9: Five-year Residential Rental Values – November 2022**

Region	2023	2024	2025	2026	2027	2023 to 2027 Compounded
UK	6.5%	4.0%	2.0%	2.4%	2.3%	18.3%
London	5.5%	5.0%	2.0%	2.4%	2.3%	18.4%
UK excluding London	6.5%	4.0%	2.0%	2.4%	2.3%	18.3%
Earnings Growth	4.6%	3.1%	2.5%	2.4%	2.3%	15.8%

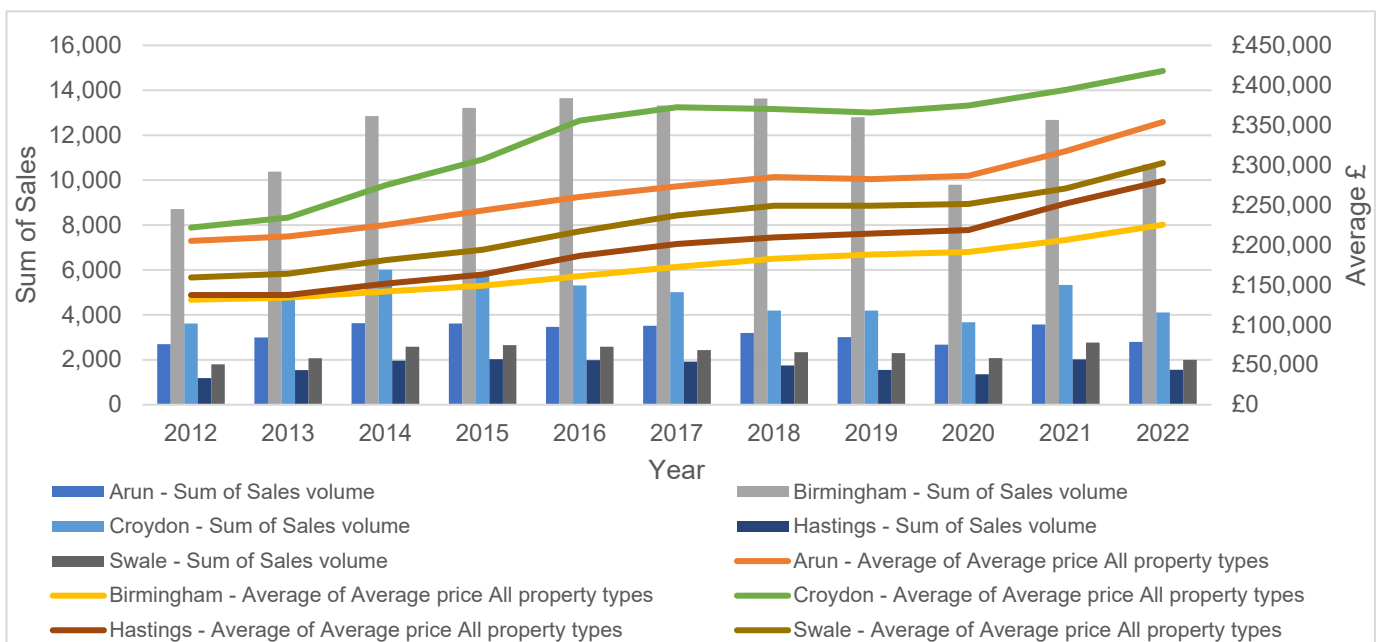
\* Note these forecasts apply to average prices in the second-hand market. New Build prices may not move at the same rate.

\*Source Savills Research using Oxford Economics

## 4.5. Local Market Conditions

The average property price has increased over the last 10 years in all the below locations. Average prices paid are now around 85% above prices recorded in 2012. Sales volumes are around 16% above the rate recorded in 2012. This is illustrated by the Land Registry data shown in the chart below.

**Chart 2: Average Price Paid and Sales Volume**



Source: HM Land Registry

Rightmove reports:

“Properties in Arundel had an overall average price of £600,915 over the last year. The majority of sales in Arundel during the last year were terraced properties, selling for an average price of £582,071. Semi-detached properties sold for an average of £516,923, with flats fetching £324,767. Overall, sold prices in Arundel over the last year were 17% up on the previous year and 20% up on the 2019 peak of £502,062.

Properties in Birmingham had an overall average price of £275,045 over the last year. The majority of sales in Birmingham during the last year were semi-detached properties, selling for an average price of £285,493. Terraced properties sold for an average of £225,629, with flats fetching £163,486. Overall, sold prices in Birmingham over the last year were 7% up on the previous year and 16% up on the 2020 peak of £238,123.

Properties in Croydon had an overall average price of £464,772 over the last year. The majority of sales in Croydon during the last year were flats, selling for an average price of £294,716. Terraced properties sold for an average of £489,950, with semi-detached properties fetching £609,083. Overall, sold prices in Croydon over the last year were 9% up on the previous year and 13% up on the 2020 peak of £411,409.

Properties in Hastings had an overall average price of £336,794 over the last year. The majority of sales in Hastings during the last year were flats, selling for an average price of £213,694. Terraced properties sold for an average of £338,437, with semi-detached properties fetching £386,641. Overall, sold prices in Hastings over the last year were 12% up on the previous year and 29% up on the 2020 peak of £262,033.

According to Nationwide HPI Q2 2023 the annual percentage change in House Prices in the second quarter of 2023 was - 4.3% for London. The annual percentage change for the West Midlands was -1.9%. For the Outer South East this was -3.7%.

The Rightmove tracker report for Q3 2021 shows rents in London to be £2,501 pcm. This is a 0.9% increase from the previous quarter. Rents in the West Midlands at an average of £1,083 pcm, an increase of 2.9% from the previous quarter. In the South East, rents are at an average of £1,746 pcm, an increase of 4.2% from the previous quarter.”

## 4.6. Comparable Evidence

In order to provide market values and rental values we have used market sales and asking prices and achieved prices where available on properties in the immediate area to the subject units, including Rightmove, Rightmove plus and agents' own websites and discussions with local agents where necessary.

We undertake detailed research into comparable sales and market lettings and details of these are kept on our files for audit purposes.

All sale values were considered as open and not forced sales. To assess values for resale, research was undertaken using readily accessible sources that included:

- Determination of the area of similar properties related to market / social sector.
- Land Registry information on recent completed sales for the immediate post code and where necessary those of the adjoining areas
- Review of values for similar size and type of properties being marketed in the area of the actual location.

Where possible, discussion with agents and sales personnel on private sites has been completed. A comparison between the particular size, quality and condition of the property viewed was related to that of any known sales values in order to make a judgement made as to what could be considered as a fair value.

## 5. Valuation Advice

### 5.1. Existing Use Value - Social Housing

#### 5.1.1. Approach to EUV-SH

EUV-SH for loan security assumes the property will be disposed of by a mortgagee in possession to another Registered Provider (“RP”) who will continue the use of the properties for social housing. These organisations will calculate their bid according to their projected income and outgoings profile which they would estimate the properties would produce under their management. This basis assumes rents will remain affordable to those in low paid employment and that all vacant properties will be relet on the same basis.

We consider that the appropriate method of valuation is to use a discounted cash flow (“DCF”). The DCF allows us to project rental income and expenditure over the term of the cash flow to arrive at an annual surplus or deficit, which is then discounted to a net present value.

However, it is also necessary to consider comparable transactional evidence where available.

#### 5.1.2. Principal DCF Variables

The DCF assumptions are derived from information received from the RP and our specialist sector knowledge. The table below sets out our principal assumptions. More detailed discussion on discount rate, adopted rent levels and rental growth is contained in the following sections.

**Table 10: DCF Variables**

<b>EUV-SH DCF Variable</b>	<b>Assumption</b>	<b>Year</b>	<b>Variable Amount</b>	<b>Source</b>
<b>Current rent – GN Social</b>	£126.13	2023/24	Average £ per Week	The Borrower
<b>Affordable Convergence Rent</b>	£134.15	2023/24	Average £ per Week	Savills
<b>Voids and bad debts</b>	2.00 – 2.25	2023/24	% Real	Savills
<b>Turnover</b>	5.0 – 7.0	2023/24	% Real	Savills
<b>Management costs</b>	£900	2023/24	Average per unit/pa	Savills
<b>Cyclical, Void &amp; Responsive Maintenance</b>	£950	2023/24	Average per unit/pa	Savills
<b>Programmed Maintenance</b>	£1,200	2023/24	Average per unit/pa	Savills
<b>Discount rate</b>	4.75 – 5.75	All Years	% pa Real	Savills

#### 5.1.3. Inflation Assumptions

Many of our assumptions are derived from the rate of inflation. These include house price and rental growth and building and maintenance cost inflation. It is essential for us to adopt a long-term underlying rate of inflation which will be acceptable to alternative landlords. We carry out our assessment of cashflow assumptions on a quarterly basis with reference to materials produced by numerous sources. The assumptions stated in this Report and used in this cashflow are based on evidence available at the time of the valuation.

Consumer Price Index (‘CPI’) inflation was 10.1% in September 2022. This is the rate of CPI which could be used to determine rent increases in April 2023. The average of new Independent Forecasts – as produced by HM Treasury in March 2023 – indicates that CPI is expected to be 7.0% on average in 2023 and 3.0% in 2024. In the medium-term CPI is expected to run at around 2.00% per annum. Our long-term assumption is 2.00% per annum.

BCIS Tender Price forecasts – which we use to predict changes in major works costs – currently predicts that prices will be lower than inflation in 2023/24, with marginal offset in 2024/25 and then gradually increasing medium to long term price increase ahead of inflation. Our long-term assumption is 0.75% real growth per annum.

BMI Maintenance Cost forecasts are showing annual real growth of around 1.00% in 2023/24 followed before tracking marginally below of inflation in 2024/25 and then ahead in 2025/26. In the long-term maintenance costs tend to run ahead of inflation probably because the work is more labour intensive and therefore more closely linked to wage inflation. Our long-term assumption is 0.50% real per annum.

Our assumptions are as follows:

**Table 11: Inflation Assumptions**

Year	CPI		Programmed Cost	Maintenance
	General % pa	Rental % pa	% (real) pa	% (real) pa
2023/24	7.00	5.00	-3.25	1.00
2024/25	3.00	2.75	-0.50	-0.50
2025/26	2.00	2.25	1.15	0.75
2026/27	2.00	2.00	1.10	0.75
2027+	2.00	2.00	0.75	0.50

The first half of 2023 has seen steadily increasing rates of CPI, which is currently at 7.9%, having fallen from a peak of 10.1%, and there is a wide consensus that this will fall back progressively over the remainder of the year. Rent inflation to year 2 of our DCF, 2024/25, is based on the CPI figure for September 2023, which at the date of this Report is predicted to be 5%. The current rent standard permits rents to be increased by CPI + 1%, so our valuation adopts a nominal increase of 6% at this point and for future years assumes rent increases at CPI + 1%.

Should CPI inflation be 6% or higher by September, then it is possible that the UK Government may seek to impose another rent cap, given current the current economic challenges and with an election on the horizon in the next 18 months. We continue to monitor this situation closely, but as at the date of this valuation, we consider the level of inflation to be used to establish the first year rent increase will be at a rate where there is a little prospect of a rent cap and that the Rent Standard limits of CPI + 1% will continue without adjustment.

#### 5.1.4. Social Rents – Savills “Convergence” Rents and Rental Growth

Registered Providers are required to set their Social Rents in accordance with Rent Standard Guidance issued by the Regulator of Social Housing. The Guidance sets out a formula for calculating most social rents which reflects property values, local earnings and bedroom size. From April 2020 the Rent Policy Statement applies which allows for existing rents to rise at CPI+1%.

Some latitude is given in that rents for new lettings can be no more than 5% higher than their formula level. For sheltered and supported properties, the margin is extended to +10%. The rents produced by the formula are net of service charges. Service charges are expected to be charged over and above the rents and to reflect what is actually being provided to tenants.

Mortgagees in possession and their successors in title are not bound by the provisions of the Rent Standard. In theory, therefore, a purchaser could base a bid for the properties on rents up to open market levels as permitted under the terms of the tenancy agreements. However, any RP purchaser would need to set rents that are consistent with its objectives as a social housing provider.

We therefore believe that a purchaser in a competitive transaction is likely to set rents at a level which he considers are the maximum affordable to those in low paid employment locally. We assume they would intend to charge such rents for new tenants and increase existing rents to a sustainable and affordable rent over a reasonable period.

The average rents across the General Needs Social charged stock are set out below, along with our assessed sustainable affordable rent or “convergence” rent. We have adopted the convergence rents in our valuation.

**Table 12: Current and Convergence Rents 23/24 (£ pw – 52 Weeks)**

Type	Estimated Household Income £	Net Rent	Savills Convergence Rent (SCR)	SCR Affordability Ratio %	Market Rent
House	£590.85	£130.72	£138.59	24%	£294.85
Flat	£503.42	£119.96	£128.18	26%	£275.51
<b>Total</b>	<b>£553.57</b>	<b>£126.13</b>	<b>£134.15</b>	<b>25%</b>	<b>£286.60</b>

Source: *The Borrower & Savills*

We have relied on the current rents supplied by the Borrower in carrying out this valuation. We have not carried out any validation of or research into the rents supplied.

We have assumed all rents will converge to our convergence rent in 8 years’ time.

In the long term, in order to maintain consistent levels of rent affordability, the maximum possible rate of rent growth will be growth in local household incomes which is currently predicted to be 3.1% pa over the next 10 years in this area. We have therefore assumed that after they have converged rents will increase at CPI + 1% per annum.

#### 5.1.5. Affordable Rents

In certain circumstances, RPs are able to offer new assured tenancies at intermediate rents at up to 80% of the market rent – such rents are known as ‘Affordable’ as opposed to ‘Social’ rents. The ability to charge the higher rents is dependent upon the RP having a Development Framework contract with the HCA or a Short Form Agreement where they are not in the Development Framework.

There are currently 138 Affordable Rent properties within the stock. The current average rent for these properties is £164.82 per week. These properties have been included in our valuation at their current Affordable Rent levels.

Under the Rent Standard the rents payable for Affordable Rent tenancies increases annually by CPI plus 1% per annum. Rents are rebased to market rent upon the granting of a new tenancy. We have assumed that a purchaser from a mortgagee would increase existing Affordable Rents in line with movements in market rents over the long term.

Market rents tend to increase in line with household incomes. Income growth forecasts for the relevant locations are currently around 2.94% per annum. We have therefore assumed that rents will increase at CPI + 1% pa.

#### 5.1.6. Sales Between Registered Providers – Transactional Evidence

Until recently evidence of sales between RPs was extremely limited – most transactions were simple transfers of engagements. However, in recent years there has been a growing body of transactional evidence from competitive sales between RPs of tenanted stock. The evidence confirms RPs have a consistent tendency to pay a higher sum for some social housing portfolios than would be suggested by traditional, purely cashflow driven, EUV-SH valuations. We have been heavily involved in this market and have a database of transactions covering circa 50,000 properties.

Although the body of evidence is relatively small compared to the total RP stock in the UK and the market is maturing, we are able to derive a view of the prices achieved for certain kinds of stock and lot sizes. Assuming a sensible lotting of properties in smaller batches of circa 100 properties, bids between 5% to 30% above traditional EUV-SH levels are common for more modern stock in reasonable proximity to amenities.

In contrast it is apparent that for lots exceeding around 250 properties the prices achieved appear to be in line with the traditional, cashflow approach to EUV-SH.

In this case you have instructed us to value the properties assuming a sale as a single lot and our valuations do not therefore reflect the higher bids that can be received for small portfolios.

## 5.1.7. Discount Rate

The discount rate is probably the most important variable in the model since it determines the net present value of future predicted income and expenditure flows for the subject stock. There is no fixed rule for determining the most appropriate rate to be adopted in a discounted cash flow. Our role as valuers is to interpret the way in which potential purchasers of the stock would assess their bids. The market for this stock will be within the RP sector.

Effectively, the discount rate is an expression of the long-term cost of borrowing for an acquiring organisation, the availability of free funds for purchase purposes and the risks implicit in the property portfolio concerned. Our emphasis is on the trend in the risk profile over time relative to other alternative investments. The current level of long-term interest rates and the overall cost of funds is reflected in our valuation. In addition to considering the cost of funds, we also need to make an allowance for the risk which attaches to our cashflow assumptions – some of which may be subject to a higher degree of risk than those generally made in the business plans. The trend in the risk profile is considered on a case-by-case basis, having regard to the attractiveness of the stock for investment purposes. The majority of recent bond issuances have been oversubscribed.

Currently, the yield on 30-year Gilts is around 4.7%. This is in effect the risk-free discount rate. Spreads and Coupon rates on Housing Association long dated bonds are shown below. It is important to acknowledge that these are the rates at the margin and average costs of funds to Housing Associations are higher than this.

The table below shows the most recent primary bond issues in the market. Please note, there have been a limited supply of pricing reference points. It is notable that during the course of 2022, credit spreads and underlying rates have widened across the board.

**Table 13: Rated Bonds**

Date	RP	Sustainability Type	Years	Notional Raised £m	Coupon Rate %	% Spread
Jun-23	Aster Group	Sustainable Bond	9.5	250	5.43	1.10
Dec-22	GreenSquare Accord	Sustainable Bond	25	400	5.25	2.10
Apr-22	Hexagon	Sustainable Bond	26	250	3.63	1.67
Apr-22	Jigsaw	Sustainable Bond	30	360	3.38	1.57
Feb-22	Peabody	Sustainable Bond (UoP)	12	350	2.75	1.25
Jan-22	L&Q	Sustainable Bond	10	300	2.00	0.87

Source: Savills

The supply of traditional long term (25 or 30 year) funding has diminished and is only available from a handful of lenders. Shorter term traditional funding (5–7 years) and funding with in-built options to re-price margins at a future date are commonplace, introducing a degree of re-financing risk to business plans.

Taking the above into account, but notwithstanding this, many business plans are typically being run at nominal interest rates at 'all-in' long term (30 year) cost of funds including margin of around 5 to 5.30%, reflecting the availability of long-term finance from the capital markets but also future refinancing risk. This is a significant factor in the Discount Rate applied.

Given the sustained pressure on funding costs our view is that for good quality, generally well-located stock, a discount rate between 4.75% to 5.50% real is appropriate (over a long-term CPI inflation rate of 2%). A greater margin for risk will be appropriate in some cases. We would expect to value poorer stock at rates around 5.75% to 6.0% real. On the other hand, exceptional stock could be valued at rates around 4.25% to 4.75% real. We would stress our cashflows are run in perpetuity and not over 30 years.

We have adopted a discount rate of 4.75 – 5.75% real over an assumed CPI inflation rate of 2.0% (Long Term Bank Of England Target Rate). This is the rate applied over the cashflow run in perpetuity.

## 5.2. Market Value Subject to Tenancy (MV STT)

### 5.2.1. Approach to MV-STT

We assess the MV-STT in two ways; firstly, by applying a discount to Market Value with Vacant Possession (“MV-VP”) and secondly by applying a yield to rental income.

The valuation of properties and portfolios subject to Assured and Secure tenancies is carried out with reference to comparable evidence from the sales of similar tenanted portfolios and individual properties and sold subject to Protected Tenancies or Assured Shorthold Tenancies. There is an established body of evidence from portfolios traded on the open market to which we can refer.

Investors tend to base their bid on their ability to “trade out” individual properties at Market Value assuming vacant possession over time. In locations where there is a limited market or where a property is difficult to trade, owing to style or market conditions, investors will base their bid on rental return compared to capital cost.

The discount to MV-VP ranges from 10% for prime property to 40% where market conditions are difficult. Typical rates are around a 20% to 30% discount to MV-VP for properties subject to AST tenancies.

The yield applied to net income varies from 5% or less for prime property, to 7% or more for poorer locations. This equates to a yield on gross income (after deductions for management, maintenance & voids) of between 7% to 10% and possibly higher for Sheltered accommodation.

The discount and yield applied in our valuations has been adjusted to reflect the additional security of tenure RP tenants benefit from.

### 5.2.2. Principal Assumptions – MV-STT

We have considered the above in arriving at our valuation. The yield and other principal assumptions adopted are set out below.

**Table 14: MV-STT Assumptions**

Assumption	Variable	Year	Amount
Gross Annual Rental Income*	£	Current	27,105,502
Voids	% of Rent Debit p.a.	All years	5.0
Management	% of Rent Debit p.a.	All years	10.0
Maintenance	% of Rent Debit p.a.	All Years	15.0
Net Yield Applied	%	All Years	5.01

Source: Savills \*Note: market rent assumed

## 5.3. Shared Ownership

### 5.3.1. General

The Borrower has a portfolio of 70 properties subject to Shared Ownership leases in charge. They retain around 65% of the equity in their properties, overall. Please see **Appendix 1** for details of the properties, shares retained and rental income produced.

## 5.3.2. Valuation Approach

Shared Ownership property produces a rental income dependant on the percentage owned by the leaseholder and the percentage retained by the lessee. As leaseholders have a stake in the property, arrears and default are comparatively rare and landlords can retrieve management costs. Maintenance does not erode rental income as the leaseholder is responsible.

Shared Ownership property thus produces good quality, low risk rental income on the share retained. In addition, capital receipts can arise when the leaseholder decides to acquire the whole or a portion of the remaining equity, which usually happens when they decide to sell and move on, or on the occurrence of default.

We use a discounted cashflow model designed for the valuation of Shared Ownership property which projects future rent and outgoings to arrive at a net present value. This cashflow can be tested with a variety of staircasing and default scenarios.

In this case we have assumed that all service costs can be recouped through service charges and that management income, and the management charge equals the management expenditure.

We have applied a discount rate of 4.0% real reflecting the very secure nature of Shared Ownership income.

## 5.3.3. Shared Ownership Valuations Principal DCF Assumptions

Our principal valuation assumptions are as follows:

**Table 15: Shared Ownership Assumptions**

Variable	Variable	Year	Amount
Current rent	Average £ per Week	Current	£142.92
Management costs	Average per unit/pa	All Years	£175
Retained share	Average per unit	Current	65%
Current Indicative 100% MV-VP	Average £ per unit	Current	£401,929
Discount rate for rental income	% pa Real	All Years	4.0%

Source: Savills



## 6. Valuations

The following valuation figures take into account the remediation costs as mentioned in Section 3.5.

### 6.1. Valuation of Freehold and Leasehold Property that may be disposed at MV-STT

Properties that may be disposed of by a mortgagee in possession at MV-STT, that is on an unfettered basis (meaning subject to existing tenancies but otherwise with vacant possession and not subject to any security interest, option or other encumbrance or to any restriction preventing its sale to, or use by, any person for residential use) as referred to in paragraph 1.2 above.

Our opinion of value, in aggregate, of the 1,863 dwellings as mentioned at 1.2 above, on the basis of

- Market Value – Subject to Tenancies (MV-STT) is £415,667,460 (Four Hundred and Fifteen Million, Six Hundred and Sixty Seven Thousand, Four Hundred and Sixty Pounds).

For information purposes only: Our opinion of value, in aggregate, of those 1,863 MV-STT properties, valued on the basis of EUV-SH is £164,357,284 (One Hundred and Sixty Four Million, Three Hundred and Fifty Seven Thousand, Two Hundred and Eighty Four Pounds).

**Table 16: Valuation of Freehold and Leasehold Property that may be disposed at MV-STT**

Borrower	Category of Property	Number of Dwellings	Market Value – Subject to Tenancies (MV-STT)
Southern Housing	Freehold	1,778	£389,752,460
	Leasehold	85	£25,915,000
	<b>Total</b>	<b>1,863</b>	<b>£415,667,460</b>

### 6.2. Valuation of Freehold and Leasehold Property that may be disposed at EUV-SH

Our opinion of value, in aggregate, of the 389 rented dwellings as mentioned at 1.3 above, on the basis of

- Existing Use for Social Housing (EUV-SH) is £45,287,969 (Forty Five Million, Two Hundred and Eighty Seven Thousand, Nine Hundred and Sixty Nine Pounds).

**Table 17: Valuation of Freehold and Leasehold Property that may be only by disposed at EUV-SH**

Borrower	Category of Property	Number of Dwellings	Existing Use Value for Social Housing (EUV-SH)
Southern Housing	Freehold	345	£36,880,509
	Leasehold	44	£8,407,460
	<b>Total</b>	<b>389</b>	<b>£45,287,969</b>

### 6.3. Nil Value Properties

There are 47 properties which have been ascribed a nil value.

## 6.4. Additional Advice

### 6.4.1. Lending Against MV-STT

It is essential that before lending on MV-STT your lawyers confirm that the properties are capable of being let at a Market Rent, or disposed of free from restrictions, should you take possession. If there are enforceable "Housing Restrictions" in title, planning approval, s.106 agreements or by separate Nomination agreements, that, for example, limit disposal only to Registered Providers or contain binding contractual nominations, then the correct valuation basis is EUV-SH and not MV-STT.

We must also stress that it is up to you to assess the terms of the loan and the amount of lending based on the valuations herein. We have set out the current rental income at **Appendix 1** but make no warranty that the current income is sufficient to support lending against MV-STT either on individual valuation groups or against the whole portfolio.

### 4.5.1 Lotting and Value Disaggregation

We have valued the properties as a single lot. As a result, **we have not assessed individual valuations for each property.** We have, however, provided a disaggregation of the overall valuation figures by reference to the appropriate rent and these figures are shown on the property schedule at **Appendix 1**.

It is very important to note that the per unit figures shown in the schedule should not be regarded as individual valuations of the properties. They are provided as indicative figures for administrative purposes only. They should not be used for any other purpose, including disposals or re-assessment of security, without our prior written approval.

## 7. Loan Security

### 7.1. Investor's Responsibility

It is usual for a valuer to be asked to express an opinion as to the suitability of a property as security for a loan, debenture or mortgage. However, it is a matter for the lender to assess the risks involved and make its own assessment in fixing the terms of the loan, such as the percentage of value to be advanced, the provision for repayment of the capital, and the interest rate.

In this Report we refer to all matters that are within our knowledge and which may assist you in your assessment of the risk. In assessing the nature of the risk, we would draw your attention to the matters highlighted in the following paragraphs.

We have made subjective adjustments during our valuation approach in arriving at our opinion and whilst we consider these to be both logical and appropriate, they are not necessarily the same adjustments which would be made by a purchaser acquiring the properties.

Where we have expressed any reservations about the property, we have reflected these in the valuation figure reported. However, it may be that the purchasers in the market at the time the property is marketed might take a different view.

### 7.2. Property Market Risks

Registered providers across the UK face an extremely uncertain operating environment, after the severe and ongoing macroeconomic shocks over the past three years, including from Brexit, Covid-19, and resulting from Russia's invasion of Ukraine. Presently, high inflation, a tight labour market, and the residual impact of the pandemic on supply chains have increased costs for RPs. Borrowing costs have also increased, both from substantially rising interest rates and from widening spreads on debt. At the same time, income streams are facing greater than usual uncertainty, with significant headwinds in the housing market and the UK Government consulting on capping social housing rents increases (see section 4.1.5). There remains a possibility of further unexpected shocks.

RPs are looking to undertake substantial investment in existing stock to deliver against quality, building safety, and decarbonisation commitments, as well as continuing to invest in much needed new housing supply. This planned activity has resulted in a further reduction in providers' forecast interest cover. Reduced financial headroom is likely to reduce some providers' capacity to cope with further financial shock and associations will need to maintain financial resilience while ensuring they remain compliant with the requirements set out in legislation and regulatory standard.

#### 7.2.1. Future Economic Environment

Changes to the macro and micro economic environment directly impact on the value of investment property, particularly any movements within the money markets and/or the relative returns available from competing investments. In particular, interest rate movements have significantly increased, with the Bank of England base rate increasing from 0.1% in November 2021 to 5.25% in August 2023. This has a detrimental impact on the investment value given the resultant rising cost of finance.

Traditionally volatility in the equity markets has indirectly benefited property as an asset class where there has been a flight to quality in uncertain times, particularly to those buildings which produce strong "bond equivalent" income returns. The market property will be competing against other investment media and this may influence yield expectations, both positively and negatively.

Our valuations are made against the present economic background, which is relatively unstable at present as the UK enters a period of recession.

#### 7.2.2. Liquidity

The residential investment market remains strong with a wide range of purchasers active in the market. The weight of money into

property has encouraged greater liquidity with pressure applied by vendors for rapid exchange and completion of sale contracts.

### 7.2.3. Pricing

Property as an asset class is not a homogeneous product and pricing has traditionally been linked to historic evidence from relevant comparable transactions. Such evidence can be scarce and this, coupled with liquidity issues, may affect the pricing of an asset.

## 7.3. Property Specific Risks

The specific property risks in this instance include:

- We have applied remediation costs provided by the Borrower in respect of Fire Safety works to 37 properties at 70 Upper North Street London E14 6EW. Please refer to Section 3.5. where we make further comment.

## 7.4. Suitability as Security

In conclusion, most of the market and property specific risks in this instance are capable of identification and measurement and/or may be considered acceptable in the context of the property sector.

We would comment that we have considered each of the principal risks associated with the property within the context of the wider investment market and that they are reflected in our valuation calculations and reported figures as appropriate.

Overall and subject to the comments outlined above, we consider that the property provides good security for a loan secured upon it, which reflects the nature of the property, our reported opinions of value and the risks involved.

Whilst the residential property markets continue to perform well, our valuation has been prepared against the backdrop of a very challenging economic outlook. There are concerns as to how the UK economy will perform going forward given the current inflationary pressure, the cost of living crisis and rising interest rates that are impacting on the cost of debt. Although there is strong liquidity in the market, with a significant wall of capital seeking opportunities, the ongoing geo-political headwinds, economic uncertainty and rising cost of debt finance, may impact pricing in some areas of the market such that prices fall from their current levels. We would therefore recommend that the value of the Property is kept under regular review to ensure that appropriate security for the loan is maintained.

## 5.6 Verification

This Report contains many assumptions, some of a general and some of a specific nature. Our valuations are based upon certain information supplied to us by others. Some information we consider material may not have been provided to us. All of these matters are referred to in the relevant sections of this Report.

We recommend that investors satisfy themselves on all these points, either by verification of individual points or by judgement of the relevance of each particular point in the context of the purposes of our valuations. Our Valuations should not be relied upon pending this verification process.

## 8. General Assumptions & Conditions

**Unless otherwise stated in the report**, our Valuation has been carried out on the basis of the following general assumptions and conditions in relation to each property that is the subject of our report. If any of the following assumptions or conditions are not valid, this may be that it has a material impact on the figure(s) reported and in that event, we reserve the right to revisit our calculations.

### 8.1. General Assumptions

That we have been supplied with all information likely to have an effect on the value of the properties, and that the information supplied to us and summarised in the report is both complete and correct.

#### Legal

- 8.1.1. That the properties are not subject to any unusual or especially onerous restrictions, encumbrances or outgoings contained in the title. Should there be any mortgages or charges, we have assumed that the properties would be sold free of them. Unless provided to us by your legal advisors, we have not inspected the relevant title documents.
- 8.1.2. That where there are tenants, they are capable of meeting their obligations and there are no arrears of rent or undisclosed breaches of covenant.

#### Legislative and Statutory Compliance

- 8.1.3. That the buildings has/have been constructed and used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control or building regulations. Likewise, that any future construction or use will be lawful (other than those points referred to above).
- 8.1.4. That the properties are not adversely affected, nor is likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies to usual enquiries, or by any statutory notice (other than those points referred to above).
- 8.1.5. That the properties either complies/comply with the Equality Act 2010 and all other Acts relating to occupation, or if there is any such non-compliance, it is not of a substantive nature.
- 8.1.6. No allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it has been assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EU legislation.

#### The Property

- 8.1.7. That the properties have/have been measured in accordance with the Code of Measuring Practice (6th Edition) and we have valued on the basis of the floor areas stated in the report. Whilst the 6th Edition has been superseded by RICS Property Measurement (2nd Edition) which outlines the International Property Measurement Standards (IPMS) for offices and residential property, this basis of measurement has yet to be adopted by market participants. Where we have been provided with floor areas, we assume these floor areas are complete and correct, and are the net/gross internal/external floor areas measured in accordance with the Code of Measuring Practice (6th Edition).
- 8.1.8. That the buildings are structurally sound, and that there are no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or techniques, whether in the parts we have inspected or not, that would cause us to make allowance by way of capital repair (other than those points referred to above). Our inspection of the properties and our report do not constitute a building survey or any warranty as to the state of repair or refurbishment of the properties. Our Valuation is on the basis that a building survey would not reveal material defects or cause us to alter our valuation materially.
- 8.1.9. That there is unrestricted access to the properties and that the site(s) are connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.

- 8.1.10. Sewers, mains services and roads giving access to the properties have been adopted, and any lease provides rights of access and egress over all communal estate roadways, pathways, corridors, stairways and the use of communal grounds, parking areas and other facilities.
- 8.1.11. That in the construction or alteration of the buildings no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). We have not carried out any investigations into these matters.
- 8.1.12. That either there is no asbestos present within the buildings or if there is asbestos present this is recorded and managed within an Asbestos Register in accordance with the Control of Asbestos Regulations 2012.
- 8.1.13. Unless stated otherwise, our valuation will be reported on the basis that the properties falls/fall outside the RICS Guidance Note on the Valuation of multi-storey, multi occupancy residential blocks of flats with cladding.

## Environmental

- 8.1.14. That the properties has/have not suffered any land contamination in the past, nor likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination. Should it subsequently be established that contamination exists at the properties, or on any neighbouring land, then we may wish to review our valuation advice.
- 8.1.15. That, unless otherwise stated in the report, the properties has/have an EPC rating of 'E' or above. As part of the Minimum Energy Efficiency Standards 2015 (MEES) that were passed by law in April 2015, from 1st April 2018 it is a legal requirement for residential or commercial properties to have a minimum EPC rating of 'E' in order to be subject to a new letting. From 1st April 2023, this will apply to all lettings, including lease renewals.
- 8.1.16. The Scottish legislation covering EPCs is contained in the Energy Performance of Non-Domestic Buildings (Scotland) Regulations 2016 [AEP Regulations]. The legislation captures existing buildings (or units within a building) which are over 1,000 sq. m and are either sold or leased to a new tenant. On a sale/lease of a property which is over 1,000 sq. m which is not built to 2002 Building Regulation Standards, a seller is legally obliged to provide an "Action Plan" to a purchaser.

The Action Plan will identify emissions and energy improvement targets for a building and the improvement measures that the owners needs to implement to meet these targets. Owners have two options, either carry out the improvement works detailed in the recommendations report within three and half years, or, defer carrying out the works by providing annual report on the operational ratings of the property. The Action Plan will state which option has been chosen. Responsibility for complying with the AEP Regulations and completing the works and reporting on operational ratings rests with the owners of the property.

- 8.1.17. EPCs are required for the sale, letting, construction, or alteration of all residential buildings in Scotland. The Scottish Government recently published its Energy Efficient Route Map which brought in The Energy Efficiency (Private Rented Property) (Scotland) Regulations 2019. Pre-COVID-19 it had been legislated that at the change in a tenancy of any private rented property it would need to meet an EPC of D by April 2022, with a backstop date of existing properties by 2025, this was then rescinded due to the pandemic. As a result of the SNP/ Green Alliance, the Scottish Government's "Heat in Buildings Strategy" was published on 07 October 2021, this now removes the single goal of achieving higher energy efficiency and links it with achieving net zero emissions. The regulations are due to be introduced in 2025 requiring all properties in the private rented sector to reach a minimum standard equivalent to an EPC of C, where technically feasible and cost effective, at change of tenancy, with a backstop date of 2028 for all remaining existing let properties. It is also proposed that the same will follow in the owner-occupied sector by 2033.
- 8.1.18. That the properties are free from environmental hazards.
- 8.1.19. That, unless otherwise stated within the report, the properties does/do not suffer from any ill effects of Radon Gas, high voltage electrical supply apparatus or other environmental detriment.

8.1.20. Where we have been asked to value the site under the special assumption that the properties will be developed, there are no adverse site or soil conditions, that the properties are not adversely affected by an Environmental Impact Assessment, that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our Valuation.

## 8.2. Further General Assumptions applicable to residential valuations

The following general assumptions apply to residential property valuations and are in addition to the general assumptions as above.

- 8.2.1. Where the Property comprises flats or maisonettes, unless instructed or otherwise aware to the contrary, we will assume that:
- (a) The costs of repairs and maintenance of the building and grounds are shared equitably between the flats and maisonettes.
  - (b) There are suitable, enforceable covenants between all leaseholds, or through the landlord or the owner.
  - (c) There are no onerous liabilities outstanding.
  - (d) There are no substantial defects, or other matters requiring expenditure (in excess of the current amount or assumed amount of service charge payable on an annual basis), expected to result in charges to the leaseholder, or owner of the Property, during the next five years, equivalent to 10% or more of the reported Market Value.
- 8.2.2. Where the dwelling is leasehold and it is not possible to inspect the lease or details have not been provided, the following further assumptions will be made, unless instructed to the contrary:
- (a) The unexpired term of the lease is 85 years, and no action is being taken by any eligible party with a view to acquiring the freehold or to extending the lease term.
  - (b) That there are no exceptionally onerous covenants upon the leaseholder.
  - (c) The lease cannot be determined except on the grounds of a serious breach of covenant in the existing lease agreement.
  - (d) If there are separate freeholders, head and/or other sub-head leaseholders, the terms and conditions of all the leases are in the same form and contain the same terms and conditions.
  - (e) The lease terms are mutually enforceable against all parties concerned.
  - (f) There are no breaches of covenants or disputes between the various interests concerned.
  - (g) The leases of all the properties in the building/development are materially the same.
  - (h) The ground rent stated or assumed is not subject to unreasonable review and is payable throughout the expired lease term.
  - (i) In the case of blocks of flats or maisonettes of over six dwellings, the freeholder manages the Property directly or there is an appropriate management structure in place.
  - (j) There is a dutyholder, as defined in the Control of Asbestos Regulations 2012, and there are in place an asbestos register and effective management plan, which does not require any immediate expenditure, pose a significant risk to health or breach of the Health and Safety Executive (HSE) regulations.
  - (k) Where the Property forms part of a mixed residential or commercially used block or development, there will be no significant changes in the existing pattern of use.

- (l) Where the Property forms part of a development containing separate blocks of dwellings, the lease terms of the Property apply only to the block. There will be no requirement to contribute towards costs relating to the other parts of the development, other than in respect of common roads, paths, communal grounds and services.
- (m) Where the Property forms part of a larger development, the ownership of which has since been divided, all necessary rights and reservations have been reserved.
- (n) There are no unusual restrictions on assignment or sub-letting of the Property for residential purposes.
- (o) There are no outstanding claims or litigation concerning the lease of the Property or any others within the same development.
- (p) Where the Property benefits from additional facilities within a development, the lease makes adequate provision for the lessee to continue to enjoy them with exceptional restriction, for the facilities to be maintained adequately, and that there are no charges over and above the service charge for such use and maintenance.

8.2.3. In respect of insurance the following assumptions will be made, unless instructed otherwise:

- (a) The Property can be insured under all-risks cover for the current reinstatement cost and is available on normal terms.
- (b) There are no outstanding claims or disputes.
- (c) Where individuals in a block makes separate insurance arrangements, the leases make provision for mutual enforceability of insurance and repairing obligations and
- (d) Any landlord responsible for insurance is required to rebuild the Property with the alterations that may be necessary to comply with current Building Regulations and planning requirements.

### 8.3. General Conditions

Our valuation has been carried out on the basis of the following general conditions:

8.3.1. In undertaking our valuations, we have adopted the definitions of Market Value and Market Rent as defined in the RICS Valuation – Global Standards (“the Red Book”), as detailed below:

Market Value (MV) is defined in IVS 104 paragraph 30.1 as:

*“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.”*

Market Rent (MR) is defined in IVS 104 paragraph 40.1 as:

*“The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”*

8.3.2. Where relevant, we have adopted the definition of Fair Value as defined in the Red Book and the definition adopted by the International Accounting Standards Board (IASB) in IFRS 13:

8.3.3. “The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

8.3.4. Where relevant, we have adopted the RICS definition of Gross Development Value (GDV) as defined in the RICS Guidance Note on the Valuation of Development Property 2019:

“The aggregate market value of the proposed development, assessed on the assumption that the development is



complete at the date of valuation in the market conditions prevailing at that date”.

- 8.3.5. All those involved in the production of the report with AssocRICS, MRICS or FRICS qualifications are also RICS Registered Valuers. Furthermore, in accordance with VPS 3.2 of the Red Book, we confirm that the aforementioned individuals have sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.
- 8.3.6. The report is governed by and shall be construed in accordance with English law, and the English courts shall have exclusive jurisdiction over any claim or proceedings arising hereunder.
- 8.3.7. In accordance with the recommendations of the RICS, we would state that the report is provided solely for the purpose stated.
- 8.3.8. Where our valuation is provided for the purposes of secured lending, although we comment on the suitability of the properties as loan security, we do so generally and not in the context of any specific loan terms as we are not qualified to do so.
- 8.3.9. Where we have provided an indication for insurance purposes of the current reinstatement cost of the properties in its/their present form, it is given solely as a guide. A formal estimate for insurance purposes can only be given by a quantity surveyor or other person with sufficient current experience of replacement costs. We confirm that the properties has/have not been inspected by such a person, and therefore any cost estimate is provided without liability.
- 8.3.10. We have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the properties.
- 8.3.11. Our valuation is exclusive of VAT (if applicable).
- 8.3.12. No allowance has been made for any expenses of realisation.
- 8.3.13. Excluded from our valuation is any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.
- 8.3.14. Unless stated to the contrary in the report, when valuing two or more properties, or a portfolio, each property will be valued individually and no allowance will be made, either positive or negative, should it form part of a larger disposal. The total stated will be the aggregate of the individual Market Values.
- 8.3.15. In the case of a properties where there is a distressed loan we will not take account of any possible effect that the appointment of either an Administrative Receiver or a Law of Property Act Receiver might have on the perception of the properties in the market and its/their subsequent valuation, or the ability of such a Receiver to realise the value of the properties in either of these scenarios.
- 8.3.16. The extent of the due diligence enquiries we have undertaken and the sources of the information we have relied upon for the purpose of our valuation are stated in the relevant sections of the report. Where reports and other information have been provided, we summarise the relevant details in the report. We do not accept responsibility for any errors or omissions in the information and documentation provided to us, nor for any consequences that may flow from such errors and omissions.
- 8.3.17. Our valuation will be based on market evidence which has come into our possession from numerous sources, including other agents and valuers and from time to time this information is provided verbally. Some comes from databases such as the Land Registry or computer databases to which Savills subscribes. In all cases, other than where we have had a direct involvement with the transactions being used as comparables in our report, we are unable to warrant that the information on which we have relied is correct.
- 8.3.18. The report contains many assumptions, some of a general and some of a specific nature. Our valuations are based upon certain information supplied to us by others. Some information we consider material may not have been provided to us. All of these matters are referred to in the relevant sections of the report. Where possible, we have sought to verify the information provided to us. However should further due diligence highlight inaccuracies in the data supplied

to us, or new material information come to light, this may have an adverse impact on the valuations herein reported. In such cases, we would reserve the right to amend our advice accordingly.

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## Appendix 1 – Summary and Schedule of Properties

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**Valuation of housing stock relating to the issue by Optivo Finance plc of £100,000,000 6.25 per cent.**

**Secured Bonds due 2043 to be consolidated and form a single series with the existing £300,000,000 6.25 per cent. Secured Bonds due 2043)**

06-Sep-23

Value Group	Units	Total Rent per £2k wks	Indicative 100% Vacant Possession Value	EVU-SH	MV-STT	Operative Value	EVU-SH Resulting from Remedial Costs	MV-STT Resulting from Remedial Costs	Operative Value Resulting from Remedial Costs
GN Social - London	798	£106,185	£309,485,000	£4,556,000	£231,580,000	£217,916,180	£83,393,460	£280,477,460	£216,793,640
GN Social - South East	850	£101,083	£223,690,000	£69,262,000	£172,315,000	£159,065,287	£99,262,000	£172,315,000	£159,065,287
GN Affordable - London	102	£18,368	£38,800,000	£16,361,000	£28,245,000	£24,389,000	£16,361,000	£28,245,000	£24,389,000
GN Affordable - South East	36	£4,376	£8,355,000	£2,792,000	£5,445,000	£5,760,120	£2,792,000	£5,445,000	£5,760,120
GN Social - Midlands	172	£19,289	£34,795,000	£12,319,000	£26,225,000	£24,525,707	£12,319,000	£26,225,000	£24,525,707
HPSS - London & South East	83	£9,393	£13,910,000	£4,597,000	£10,400,000	£9,214,000	£3,917,000	£10,400,000	£9,214,000
HPSS - Midlands	105	£9,829	£12,630,000	£4,199,000	£9,115,000	£9,115,000	£4,199,000	£9,115,000	£9,115,000
Supportive	63	£1,664	£3,000,000	£1,000,000	£2,000,000	£2,000,000	£1,000,000	£2,000,000	£2,000,000
SO	70	£10,005	£28,135,000	£14,402,793	£0	£14,402,793	£0	£14,402,793	£0
NI Value	47	£0	£0	£0	£0	£0	£0	£0	£0
<b>Total</b>	<b>2299</b>	<b>£284,064</b>	<b>£676,688,000</b>	<b>£168,877,783</b>	<b>£488,123,000</b>	<b>£462,117,989</b>	<b>£207,643,263</b>	<b>£484,162,440</b>	<b>£460,956,429</b>

UPRN	Address 1	Address 2	Address 3	Address 4	LA	Post Code	Property Type	Beds (p-Beds)	SO Equity Released by HA %	2023/24 Rent per £2k wks	Indicative 100% Vacant Possession Value	EVU-SH	MV-STT	Operative Value	Archetype	Valuation Basis	Remedial Costs Applicable	EVU-SH Resulting from Remedial Costs	MV-STT Resulting from Remedial Costs	Operative Value Resulting from Remedial Costs	Freehold/Leasehold	Title
54807	380 Highfield Road	Yardley Wood	Birmingham	BIRMINGHAM	Birmingham	B14 4DU	H	1	NA	£104.49	£285,000	£44,640	£215,000	£215,000	HCPS - Midlands	MV-STT	£0	£44,640	£215,000	£215,000	Freehold	WM556243
54808	382 Highfield Road	Yardley Wood	Birmingham	BIRMINGHAM	Birmingham	B14 4DU	H	3	NA	£116.23	£285,000	£74,232	£190,000	£190,000	HCPS - Midlands	MV-STT	£0	£74,232	£190,000	£190,000	Freehold	WM556243
54809	384 Highfield Road	Yardley Wood	Birmingham	BIRMINGHAM	Birmingham	B14 4DU	H	1	NA	£104.49	£185,000	£44,640	£125,000	£125,000	HCPS - Midlands	MV-STT	£0	£44,640	£125,000	£125,000	Freehold	WM556243
54810	410 Highfield Road	Yardley Wood	Birmingham	BIRMINGHAM	Birmingham	B14 4DU	H	1	NA	£104.49	£185,000	£44,640	£125,000	£125,000	HCPS - Midlands	MV-STT	£0	£44,640	£125,000	£125,000	Freehold	WM556243
54811	FLAT 344 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£92.76	£120,000	£39,637	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£39,637	£85,000	£85,000	Freehold	WM556243
54812	FLAT 346 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54813	FLAT 348 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54814	FLAT 350 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54815	FLAT 352 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£92.77	£120,000	£39,633	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£39,633	£85,000	£85,000	Freehold	WM556243
54816	FLAT 354 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54817	FLAT 356 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54818	FLAT 358 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£92.77	£120,000	£39,633	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£39,633	£85,000	£85,000	Freehold	WM556243
54819	FLAT 360 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£92.77	£120,000	£39,633	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£39,633	£85,000	£85,000	Freehold	WM556243
54820	FLAT 362 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54821	FLAT 364 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54822	FLAT 366 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£92.77	£120,000	£39,633	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£39,633	£85,000	£85,000	Freehold	WM556243
54823	FLAT 368 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54824	FLAT 370 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£92.77	£120,000	£39,633	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£39,633	£85,000	£85,000	Freehold	WM556243
54825	FLAT 372 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54826	FLAT 374 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54827	FLAT 376 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£92.77	£120,000	£39,633	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£39,633	£85,000	£85,000	Freehold	WM556243
54828	FLAT 378 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54829	FLAT 380 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£92.77	£120,000	£39,633	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£39,633	£85,000	£85,000	Freehold	WM556243
54830	FLAT 382 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	2	NA	£107.13	£150,000	£45,747	£110,000	£110,000	HCPS - Midlands	MV-STT	£0	£45,747	£110,000	£110,000	Freehold	WM556243
54831	FLAT 384 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54832	FLAT 386 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£92.77	£120,000	£39,633	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£39,633	£85,000	£85,000	Freehold	WM556243
54833	FLAT 388 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54834	FLAT 390 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	2	NA	£107.13	£150,000	£45,747	£110,000	£110,000	HCPS - Midlands	MV-STT	£0	£45,747	£110,000	£110,000	Freehold	WM556243
54835	FLAT 392 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£92.77	£120,000	£39,633	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£39,633	£85,000	£85,000	Freehold	WM556243
54836	FLAT 394 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54837	FLAT 396 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£92.77	£120,000	£39,633	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£39,633	£85,000	£85,000	Freehold	WM556243
54838	FLAT 400 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54839	FLAT 402 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£92.77	£120,000	£39,633	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£39,633	£85,000	£85,000	Freehold	WM556243
54840	FLAT 404 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54841	FLAT 406 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£92.77	£120,000	£39,633	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£39,633	£85,000	£85,000	Freehold	WM556243
54842	FLAT 408 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54843	FLAT 410 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£92.77	£120,000	£39,633	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£39,633	£85,000	£85,000	Freehold	WM556243
54844	FLAT 412 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54845	FLAT 414 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£92.77	£120,000	£39,633	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£39,633	£85,000	£85,000	Freehold	WM556243
54846	FLAT 416 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54847	FLAT 418 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£92.77	£120,000	£39,633	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£39,633	£85,000	£85,000	Freehold	WM556243
54848	FLAT 420 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54849	FLAT 422 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£92.77	£120,000	£39,633	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£39,633	£85,000	£85,000	Freehold	WM556243
54850	FLAT 424 Highfield Place	Highfield Road	Yardley Wood	BIRMINGHAM	Birmingham	B14 4DU	F	1	NA	£98.48	£120,000	£38,227	£85,000	£85,000	HCPS - Midlands	MV-STT	£0	£38,227	£85,000	£85,000	Freehold	WM556243
54851	FLAT 426 Highfield Place	Highfield Road																				







UPRN	Address 1	Address 2	Address 3	Address 4	LA	Post Code	Property Type	Beds (or-Beds)	SD Coust Retained by HA %	2023/24 Rent Eps (2 weeks)	Indicative 100% Vacant Value	EV-5H	MV-5T	Operative Value	Anchorage	Valuation Basis	Remudal Costs Applicable	EV-5H Resulting From Remedial Costs	MV-5T Resulting From Remedial Costs	Operative Value Applicable Resulting From Remedial Costs	Franchise Leasehold	Title
52418	6 Gaywood Walk	Worthing	West Sussex	WORTHING	Worthing	BN11 2SE	H	3	NA	£134.60	£300.00	£92.28	£240.00	£240.00	GN Social - South East	MV-5TT	£0	£92.28	£240.00	£240.00	Franchise	WSK127034
52419	7 Gaywood Walk	Worthing	West Sussex	WORTHING	Worthing	BN11 2SE	H	3	NA	£134.60	£300.00	£92.28	£240.00	£240.00	GN Social - South East	MV-5TT	£0	£92.28	£240.00	£240.00	Franchise	WSK126991
52420	12 Herford Walk	Worthing	West Sussex	WORTHING	Worthing	BN11 2SF	H	3	NA	£134.60	£300.00	£92.28	£240.00	£240.00	GN Social - South East	MV-5TT	£0	£92.28	£240.00	£240.00	Franchise	WSK522726
52424	7 Taberna Walk	Worthing	West Sussex	WORTHING	Worthing	BN11 2EG	H	2	NA	£122.00	£290.00	£83.54	£215.00	£215.00	GN Social - South East	MV-5TT	£0	£83.54	£215.00	£215.00	Franchise	WSK124285
52718	10 Corbridge Way	Worthing	West Sussex	WORTHING	Worthing	BN11 2TH	H	3	NA	£134.60	£300.00	£92.28	£240.00	£240.00	GN Social - South East	MV-5TT	£0	£92.28	£240.00	£240.00	Franchise	WSK426719
52829	12 Tordale Close	Worthing	West Sussex	WORTHING	Worthing	BN11 3PH	H	3	NA	£134.60	£190.00	£92.28	£185.00	£185.00	GN Social - South East	MV-5TT	£0	£92.28	£185.00	£185.00	Franchise	SA156077
52830	43 Riverside	Worthing	West Sussex	WORTHING	Worthing	BN11 3QA	H	3	NA	£134.60	£200.00	£92.28	£200.00	£200.00	GN Social - South East	MV-5TT	£0	£92.28	£200.00	£200.00	Franchise	WSK40686
52939	4 Thackley Road	Worthing	West Sussex	WORTHING	Worthing	BN1A 8DX	H	3	NA	£134.60	£290.00	£92.28	£230.00	£230.00	GN Social - South East	MV-5TT	£0	£92.28	£230.00	£230.00	Franchise	WSK155445
52947	13 Thackley Road	Worthing	West Sussex	WORTHING	Worthing	BN1A 8DX	H	3	NA	£134.60	£290.00	£92.28	£230.00	£230.00	GN Social - South East	MV-5TT	£0	£92.28	£230.00	£230.00	Franchise	WSK155451
53023	37 Rutlin Road	Worthing	West Sussex	WORTHING	Worthing	BN1A 8DX	H	3	NA	£134.60	£290.00	£92.28	£230.00	£230.00	GN Social - South East	MV-5TT	£0	£92.28	£230.00	£230.00	Franchise	WSK150770
53024	18 Rutlin Road	Worthing	West Sussex	WORTHING	Worthing	BN1A 8EA	H	3	NA	£134.60	£290.00	£92.28	£230.00	£230.00	GN Social - South East	MV-5TT	£0	£92.28	£230.00	£230.00	Franchise	WSK150771
52236	1 Mowdith Road	Worthing	West Sussex	WORTHING	Worthing	BN1A 8EB	H	3	NA	£134.60	£290.00	£92.28	£230.00	£230.00	GN Social - South East	MV-5TT	£0	£92.28	£230.00	£230.00	Franchise	WSK160091
52988	10 Mowdith Road	Worthing	West Sussex	WORTHING	Worthing	BN1A 8EB	H	3	NA	£134.60	£290.00	£92.28	£230.00	£230.00	GN Social - South East	MV-5TT	£0	£92.28	£230.00	£230.00	Franchise	WSK160091
52970	28 Hamilton Close	Worthing	West Sussex	WORTHING	Worthing	BN1A 8LP	H	3	NA	£134.60	£320.00	£92.28	£280.00	£280.00	GN Social - South East	MV-5TT	£0	£92.28	£280.00	£280.00	Franchise	SA165029
52971	29 Cavendish Road	Worthing	West Sussex	WORTHING	Worthing	BN1A 8PL	H	3	NA	£134.60	£320.00	£92.28	£280.00	£280.00	GN Social - South East	MV-5TT	£0	£92.28	£280.00	£280.00	Franchise	WSK160083
53124	134 Cavendish Road	Worthing	West Sussex	WORTHING	Worthing	BN1A 8PQ	H	3	NA	£134.60	£320.00	£92.28	£280.00	£280.00	GN Social - South East	MV-5TT	£0	£92.28	£280.00	£280.00	Franchise	WSK46028
53135	49 Saasen Close	Litlington	West Sussex	ARUN	Arundel	BN18 1DQ	H	3	NA	£120.81	£290.00	£92.28	£230.00	£230.00	GN Social - South East	MV-5TT	£0	£92.28	£230.00	£230.00	Franchise	WSK18003
52521	8 Cornhill Way	Litlington	West Sussex	ARUN	Arundel	BN18 1EL	H	3	NA	£120.81	£290.00	£92.28	£230.00	£230.00	GN Social - South East	MV-5TT	£0	£92.28	£230.00	£230.00	Franchise	WSK46179
52837	20 Parnham Close	Rastington	West Sussex	ARUN	Arundel	BN18 1LR	H	3	NA	£134.60	£310.00	£92.28	£240.00	£240.00	GN Social - South East	MV-5TT	£0	£92.28	£240.00	£240.00	Franchise	WSK0063
52838	43 Northcott Village	Rastington	West Sussex	ARUN	Arundel	BN18 1SH	H	3	NA	£134.60	£310.00	£92.28	£240.00	£240.00	GN Social - South East	MV-5TT	£0	£92.28	£240.00	£240.00	Franchise	WSK46708
52416	6 Brookside Avenue	Rastington	West Sussex	ARUN	Arundel	BN18 3LF	H	3	NA	£134.60	£310.00	£92.28	£240.00	£240.00	GN Social - South East	ELV-5H	£0	£92.28	£240.00	£240.00	Franchise	WSK46708
52851	12 Brookside Avenue	Rastington	West Sussex	ARUN	Arundel	BN18 3LF	H	3	NA	£134.60	£310.00	£92.28	£240.00	£240.00	GN Social - South East	ELV-5H	£0	£92.28	£240.00	£240.00	Franchise	WSK46708
52859	14 Brookside Avenue	Rastington	West Sussex	ARUN	Arundel	BN18 3LF	H	3	NA	£134.60	£310.00	£92.28	£240.00	£240.00	GN Social - South East	ELV-5H	£0	£92.28	£240.00	£240.00	Franchise	WSK46708
52791	18 Brookside Avenue	Rastington	West Sussex	ARUN	Arundel	BN18 3LF	H	2	NA	£120.81	£280.00	£92.28	£210.00	£210.00	GN Social - South East	ELV-5H	£0	£92.28	£210.00	£210.00	Franchise	WSK46708
52716	54 Worthing Road	Litlington	West Sussex	ARUN	Arundel	BN18 3LE	H	2	NA	£120.81	£310.00	£92.28	£240.00	£240.00	GN Social - South East	MV-5TT	£0	£92.28	£240.00	£240.00	Franchise	SB1713
52427	7 Wincoburgh Road	Rastington	West Sussex	ARUN	Arundel	BN18 3PH	H	3	NA	£134.60	£320.00	£92.28	£250.00	£250.00	GN Social - South East	MV-5TT	£0	£92.28	£250.00	£250.00	Franchise	WSK62713
52915	24 Winchester Road	Rastington	West Sussex	ARUN	Arundel	BN18 3PH	H	3	NA	£134.60	£280.00	£92.28	£225.00	£225.00	GN Social - South East	MV-5TT	£0	£92.28	£225.00	£225.00	Franchise	WSK195117
52547	52 Shrew Park Avenue	Rastington	West Sussex	ARUN	Arundel	BN18 3PH	H	3	NA	£134.60	£280.00	£92.28	£225.00	£225.00	GN Social - South East	MV-5TT	£0	£92.28	£225.00	£225.00	Franchise	WSK164881
52202	1 Bucker Close	Angering	West Sussex	ARUN	Arundel	BN18 4FF	H	3	NA	£120.81	£310.00	£92.28	£235.00	£235.00	GN Social - South East	ELV-5H	£0	£92.28	£235.00	£235.00	Franchise	WSK270153
52110	1 Bucker Close	Angering	West Sussex	ARUN	Arundel	BN18 4FF	H	3	NA	£120.81	£310.00	£92.28	£235.00	£235.00	GN Social - South East	ELV-5H	£0	£92.28	£235.00	£235.00	Franchise	WSK270153
52351	1 Bucker Close	Angering	West Sussex	ARUN	Arundel	BN18 4FF	H	3	NA	£120.81	£310.00	£92.28	£235.00	£235.00	GN Social - South East	ELV-5H	£0	£92.28	£235.00	£235.00	Franchise	WSK270153
52359	1 Bucker Close	Angering	West Sussex	ARUN	Arundel	BN18 4FF	H	3	NA	£120.81	£310.00	£92.28	£235.00	£235.00	GN Social - South East	ELV-5H	£0	£92.28	£235.00	£235.00	Franchise	WSK270153
52367	1 Bucker Close	Angering	West Sussex	ARUN	Arundel	BN18 4FF	H	3	NA	£120.81	£310.00	£92.28	£235.00	£235.00	GN Social - South East	ELV-5H	£0	£92.28	£235.00	£235.00	Franchise	WSK270153
52368	1 Bucker Close	Angering	West Sussex	ARUN	Arundel	BN18 4FF	H	3	NA	£120.81	£310.00	£92.28	£235.00	£235.00	GN Social - South East	ELV-5H	£0	£92.28	£235.00	£235.00	Franchise	WSK270153
52509	1 Bucker Close	Angering	West Sussex	ARUN	Arundel	BN18 4FF	H	2	NA	£120.81	£310.00	£92.28	£235.00	£235.00	GN Social - South East	ELV-5H	£0	£92.28	£235.00	£235.00	Franchise	WSK270153
52518	1 Bucker Close	Angering	West Sussex	ARUN	Arundel	BN18 4FF	H	2	NA	£120.81	£310.00	£92.28	£235.00	£235.00	GN Social - South East	ELV-5H	£0	£92.28	£235.00	£235.00	Franchise	WSK270153
52520	1 Wilkison Close	Angering	West Sussex	ARUN	Arundel	BN18 4FG	H	3	NA	£134.60	£350.00	£92.28	£285.00	£285.00	GN Social - South East	ELV-5H	£0	£92.28	£285.00	£285.00	Franchise	WSK270153
52211	3 Wilkison Close	Angering	West Sussex	ARUN	Arundel	BN18 4FG	H	3	NA	£120.81	£310.00	£92.28	£235.00	£235.00	GN Social - South East	ELV-5H	£0	£92.28	£235.00	£235.00	Franchise	WSK270153
52205	3 Wilkison Close	Angering	West Sussex	ARUN	Arundel	BN18 4FG	H	2	NA	£120.81	£310.00	£92.28	£235.00	£235.00	GN Social - South East	ELV-5H	£0	£92.28	£235.00	£235.00	Franchise	WSK270153
52508	5 Wilkison Close	Angering	West Sussex	ARUN	Arundel	BN18 4FG	H	4	NA	£140.51	£400.00	£102.44	£305.00	£305.00	GN Social - South East	ELV-5H	£0	£102.44	£305.00	£305.00	Franchise	WSK270153
52478	7 Wilkison Close	Angering	West Sussex	ARUN	Arundel	BN18 4FG	H	3	NA	£134.60	£350.00	£92.28	£285.00	£285.00	GN Social - South East	ELV-5H	£0	£92.28	£285.00	£285.00	Franchise	WSK270153
52509	9 Wilkison Close	Angering	West Sussex	ARUN	Arundel	BN18 4FG	H	3	NA	£146.17	£350.00	£99.47	£285.00	£285.00	GN Social - South East	ELV-5H	£0	£99.47	£285.00	£285.00	Franchise	WSK270153
52510	11 Wilkison Close	Angering	West Sussex	ARUN	Arundel	BN18 4FG	H	2	NA	£120.81	£310.00	£92.28	£235.00	£235.00	GN Social - South East	ELV-5H	£0	£92.28	£235.00	£235.00	Franchise	WSK270153
52588	12 Wilkison Close	Angering	West Sussex	ARUN	Arundel	BN18 4FG	H	3	NA	£134.60	£350.00	£92.28	£285.00	£285.00	GN Social - South East	ELV-5H	£0	£92.28	£285.00	£285.00	Franchise	WSK270153
52714	15 Wilkison Close	Angering	West Sussex	ARUN	Arundel	BN18 4FG	H	2	NA	£120.81	£310.00	£92.28	£235.00	£235.00	GN Social - South East	ELV-5H	£0	£92.28	£235.00	£235.00	Franchise	WSK270153
52217	15 Wilkison Close	Angering	West Sussex	ARUN	Arundel	BN18 4FG	H	2	NA	£120.81	£310.00	£92.28	£235.00	£235.00	GN Social - South East	ELV-5H	£0	£92.28	£235.00	£235.00	Franchise	WSK270153
52218	15 Wilkison Close	Angering	West Sussex	ARUN	Arundel	BN18 4FG	H	2	NA	£120.81	£310.00	£92.28	£235.00	£235.00	GN Social - South East	ELV-5H	£0	£92.28	£235.00	£235.00	Franchise	WSK270153
53104	70 Bayford Road	Litlington	West Sussex	ARUN	Arundel	BN17 5NH	H	3	NA	£134.60	£280.00	£92.28	£220.00	£220.00	GN Social - South East	MV-5TT	£0	£92.28	£220.00	£220.00	Franchise	WSK191801
53109	74 Bayford Road	Litlington	West Sussex	ARUN	Arundel	BN17 5NH	H	3	NA	£134.60	£280.00	£92.28	£220.00	£220.00	GN Social - South East	MV-5TT	£0					

UPRN	Address 1	Address 2	Address 3	Address 4	LA	Post Code	Property Type	Beis (0=Bedst)	SD Count Retained by HA %	2023/24 Rate Cap (2 weeks)	Indicative 100% Vacant Possession Value	EV-SH	MV-STT	Operative Value	Archetype	Valuation Basis	Remedial Costs Applicable	EV-SH Resulting from Remedial Cost	MV-STT Resulting from Remedial Costs	Operative Value Applicable Resulting from Remedial Costs	Franchise Leasehold	Title
19198	FLAT 10 Houghton House	23B Cavendish Place			Eastbourne	BN21 3AB	F	1	100%	£93.12	£136,000	£83,806	£195,000	£195,000	GN Social - South East	MV-STT	£0	£61,806	£160,000	£105,000	Franchise	ES043669
19200	FLAT 11 Houghton House	23B Cavendish Place			Eastbourne	BN21 3AB	F	1	100%	£119.39	£148,000	£98,149	£200,000	£200,000	GN Social - South East	MV-STT	£0	£61,806	£160,000	£105,000	Franchise	ES043669
19201	FLAT 12 Houghton House	23B Cavendish Place			Eastbourne	BN21 3AB	F	1	100%	£93.12	£136,000	£83,806	£195,000	£195,000	GN Social - South East	MV-STT	£0	£61,806	£160,000	£105,000	Franchise	ES043669
19202	FLAT 13 Houghton House	23B Cavendish Place			Eastbourne	BN21 3AB	F	1	100%	£93.12	£136,000	£83,806	£195,000	£195,000	GN Social - South East	MV-STT	£0	£61,806	£160,000	£105,000	Franchise	ES043669
19203	FLAT 14 Houghton House	23B Cavendish Place			Eastbourne	BN21 3AB	F	1	100%	£93.12	£136,000	£83,806	£195,000	£195,000	GN Social - South East	MV-STT	£0	£61,806	£160,000	£105,000	Franchise	ES043669
19204	FLAT 15 Houghton House	23B Cavendish Place			Eastbourne	BN21 3AB	F	1	100%	£93.12	£136,000	£83,806	£195,000	£195,000	GN Social - South East	MV-STT	£0	£61,806	£160,000	£105,000	Franchise	ES043669
19205	FLAT 16 Houghton House	23B Cavendish Place			Eastbourne	BN21 3AB	F	1	100%	£93.12	£136,000	£83,806	£195,000	£195,000	GN Social - South East	MV-STT	£0	£61,806	£160,000	£105,000	Franchise	ES043669
19206	FLAT 17 Houghton House	23B Cavendish Place			Eastbourne	BN21 3AB	F	1	100%	£93.12	£136,000	£83,806	£195,000	£195,000	GN Social - South East	MV-STT	£0	£61,806	£160,000	£105,000	Franchise	ES043669
19207	FLAT 18 Houghton House	23B Cavendish Place			Eastbourne	BN21 3AB	F	1	100%	£93.12	£136,000	£83,806	£195,000	£195,000	GN Social - South East	MV-STT	£0	£61,806	£160,000	£105,000	Franchise	ES043669
47543	7 Broadwin Close	East Sussex			Eastbourne	BN21 3HW	H	3	100%	£130.01	£356,000	£98,043	£255,000	£255,000	GN Social - South East	ELU-SH	£0	£98,043	£255,000	£160,000	Franchise	ES22444
47542	8 Broadwin Close	East Sussex			Eastbourne	BN21 3HW	H	3	100%	£130.01	£356,000	£98,043	£255,000	£255,000	GN Social - South East	ELU-SH	£0	£98,043	£255,000	£160,000	Franchise	ES22444
47541	15 Snowden Close	East Sussex			Eastbourne	BN21 3HW	H	3	100%	£126.24	£356,000	£98,263	£255,000	£255,000	GN Affordable - South East	ELU-SH	£0	£98,263	£255,000	£160,000	Franchise	ES23669
10987	408 Haines Road	BN1 3JH			BN1 3JH	H	3	100%	£171.25	£465,000	£131,544	£300,000	£300,000	GN Social - London	MV-STT	£0	£131,544	£300,000	£200,000	Franchise	SG0.00049	
10986	409 Haines Road	BN1 3JH			BN1 3JH	H	3	100%	£171.25	£465,000	£131,544	£300,000	£300,000	GN Social - London	MV-STT	£0	£131,544	£300,000	£200,000	Franchise	SG0.00049	
10985	410 Haines Road	BN1 3JH			BN1 3JH	H	3	100%	£171.25	£465,000	£131,544	£300,000	£300,000	GN Social - London	MV-STT	£0	£131,544	£300,000	£200,000	Franchise	SG0.00049	
10984	402 Haines Road	BN1 3JH			BN1 3JH	H	3	100%	£169.52	£465,000	£131,261	£300,000	£300,000	GN Social - London	MV-STT	£0	£131,261	£300,000	£200,000	Franchise	SG0.00049	
10207	FLAT 1 Middelton Court	BN1 3JZ			BN1 3JZ	F	2	100%	£143.94	£270,000	£114,471	£265,000	£265,000	GN Social - London	MV-STT	£0	£114,471	£265,000	£160,000	Franchise	SG0.00711	
11008	FLAT 2 Middelton Court	BN1 3JZ			BN1 3JZ	F	2	100%	£136.49	£260,000	£105,702	£265,000	£265,000	GN Social - London	MV-STT	£0	£105,702	£265,000	£160,000	Franchise	SG0.00711	
11010	FLAT 3 Middelton Court	BN1 3JZ			BN1 3JZ	F	2	100%	£147.46	£270,000	£114,296	£270,000	£270,000	GN Affordable - London	MV-STT	£0	£114,296	£270,000	£160,000	Franchise	SG0.00711	
11011	FLAT 4 Middelton Court	BN1 3JZ			BN1 3JZ	F	2	100%	£137.28	£260,000	£106,214	£265,000	£265,000	GN Social - London	MV-STT	£0	£106,214	£265,000	£160,000	Franchise	SG0.00711	
11012	FLAT 5 Middelton Court	BN1 3JZ			BN1 3JZ	F	2	100%	£143.94	£270,000	£114,471	£265,000	£265,000	GN Social - London	MV-STT	£0	£114,471	£265,000	£160,000	Franchise	SG0.00711	
11014	FLAT 6 Middelton Court	BN1 3JZ			BN1 3JZ	F	2	100%	£136.49	£260,000	£105,702	£265,000	£265,000	GN Social - London	MV-STT	£0	£105,702	£265,000	£160,000	Franchise	SG0.00711	
11016	FLAT 7 Middelton Court	BN1 3JZ			BN1 3JZ	F	2	100%	£136.49	£260,000	£105,702	£265,000	£265,000	GN Social - London	MV-STT	£0	£105,702	£265,000	£160,000	Franchise	SG0.00711	
11017	FLAT 8 Middelton Court	BN1 3JZ			BN1 3JZ	F	2	100%	£136.49	£260,000	£105,702	£265,000	£265,000	GN Social - London	MV-STT	£0	£105,702	£265,000	£160,000	Franchise	SG0.00711	
11018	FLAT 9 Middelton Court	BN1 3JZ			BN1 3JZ	F	2	100%	£136.49	£260,000	£105,702	£265,000	£265,000	GN Social - London	MV-STT	£0	£105,702	£265,000	£160,000	Franchise	SG0.00711	
11019	FLAT 10 Middelton Court	BN1 3JZ			BN1 3JZ	F	2	100%	£136.49	£260,000	£105,702	£265,000	£265,000	GN Social - London	MV-STT	£0	£105,702	£265,000	£160,000	Franchise	SG0.00711	
11020	FLAT 11 Middelton Court	BN1 3JZ			BN1 3JZ	F	2	100%	£136.49	£260,000	£105,702	£265,000	£265,000	GN Social - London	MV-STT	£0	£105,702	£265,000	£160,000	Franchise	SG0.00711	
11021	FLAT 12 Middelton Court	BN1 3JZ			BN1 3JZ	F	2	100%	£136.49	£260,000	£105,702	£265,000	£265,000	GN Social - London	MV-STT	£0	£105,702	£265,000	£160,000	Franchise	SG0.00711	
11022	FLAT 13 Middelton Court	BN1 3JZ			BN1 3JZ	F	2	100%	£136.49	£260,000	£105,702	£265,000	£265,000	GN Social - London	MV-STT	£0	£105,702	£265,000	£160,000	Franchise	SG0.00711	
11023	FLAT 14 Middelton Court	BN1 3JZ			BN1 3JZ	F	2	100%	£136.49	£260,000	£105,702	£265,000	£265,000	GN Social - London	MV-STT	£0	£105,702	£265,000	£160,000	Franchise	SG0.00711	
11024	FLAT 15 Middelton Court	BN1 3JZ			BN1 3JZ	F	2	100%	£136.49	£260,000	£105,702	£265,000	£265,000	GN Social - London	MV-STT	£0	£105,702	£265,000	£160,000	Franchise	SG0.00711	
18514	51 Burnt Ash Lane	BN1 4DU			BN1 4DU	H	2	100%	£147.71	£350,000	£114,391	£280,000	£280,000	GN Social - London	MV-STT	£0	£114,391	£280,000	£180,000	Franchise	SG0.42874	
12587	17 Milton Road	Croydon			CR9 2BG	F	2	100%	£138.08	£236,000	£106,533	£180,000	£180,000	GN Social - London	MV-STT	£0	£106,533	£180,000	£115,000	Franchise	SG0.16735	
12586	21 Milton Road	Croydon			CR9 2BG	F	1	100%	£113.87	£180,000	£88,029	£140,000	£140,000	GN Social - London	MV-STT	£0	£88,029	£140,000	£110,000	Franchise	SG0.16735	
12590	23 Milton Road	Croydon			CR9 2BG	F	2	100%	£136.53	£236,000	£104,958	£180,000	£180,000	GN Social - London	MV-STT	£0	£104,958	£180,000	£115,000	Franchise	SG0.16735	
12591	10A Oakfield Road	West Croydon			CR9 2UA	F	2	100%	£129.48	£246,000	£99,443	£190,000	£190,000	GN Social - London	MV-STT	£0	£99,443	£190,000	£130,000	Franchise	SG0.19203	
12592	10B Oakfield Road	West Croydon			CR9 2UA	F	2	100%	£129.48	£246,000	£99,443	£190,000	£190,000	GN Social - London	MV-STT	£0	£99,443	£190,000	£130,000	Franchise	SG0.19203	
12593	8 Oakfield Road	West Croydon			CR9 2UA	F	2	100%	£129.48	£246,000	£99,443	£190,000	£190,000	GN Social - London	MV-STT	£0	£99,443	£190,000	£130,000	Franchise	SG0.19203	
12594	8A Oakfield Road	West Croydon			CR9 2UA	F	2	100%	£129.48	£246,000	£99,443	£190,000	£190,000	GN Social - London	MV-STT	£0	£99,443	£190,000	£130,000	Franchise	SG0.19203	
12595	8C Oakfield Road	West Croydon			CR9 2UA	F	2	100%	£129.48	£246,000	£99,443	£190,000	£190,000	GN Social - London	MV-STT	£0	£99,443	£190,000	£130,000	Franchise	SG0.19203	
12596	8D Oakfield Road	West Croydon			CR9 2UA	F	2	100%	£129.48	£246,000	£99,443	£190,000	£190,000	GN Social - London	MV-STT	£0	£99,443	£190,000	£130,000	Franchise	SG0.19203	
12597	8E Oakfield Road	West Croydon			CR9 2UA	F	2	100%	£129.48	£246,000	£99,443	£190,000	£190,000	GN Social - London	MV-STT	£0	£99,443	£190,000	£130,000	Franchise	SG0.19203	
12598	8F Oakfield Road	West Croydon			CR9 2UA	F	2	100%	£129.48	£246,000	£99,443	£190,000	£190,000	GN Social - London	MV-STT	£0	£99,443	£190,000	£130,000	Franchise	SG0.19203	
12599	8G Oakfield Road	West Croydon			CR9 2UA	F	2	100%	£129.48	£246,000	£99,443	£190,000	£190,000	GN Social - London	MV-STT	£0	£99,443	£190,000	£130,000	Franchise	SG0.19203	
12600	8H Oakfield Road	West Croydon			CR9 2UA	F	2	100%	£129.48	£246,000	£99,443	£190,000	£190,000	GN Social - London	MV-STT	£0	£99,443	£190,000	£130,000	Franchise	SG0.19203	
12601	8I Oakfield Road	West Croydon			CR9 2UA	F	2	100%	£129.48	£246,000	£99,443	£190,000	£190,000	GN Social - London	MV-STT	£0	£99,443	£190,000	£130,000	Franchise	SG0.19203	
12602	8J Oakfield Road	West Croydon			CR9 2UA	F	2	100%	£129.48	£246,000	£99,443	£190,000	£190,000	GN Social - London	MV-STT	£0	£99,443	£190,000	£130,000	Franchise	SG0.19203	
12603	8K Oakfield Road	West Croydon			CR9 2UA	F	2	100%	£129.48	£246,000	£99,443	£190,000	£190,000	GN Social - London	MV-STT	£0	£99,443	£190,000	£130,000	Franchise	SG0.19203	
12604	8L Oakfield Road	West Croydon			CR9 2UA	F	2	100%	£129.48	£246,000	£99,443	£190,000	£190,000	GN Social - London	MV-STT	£0	£99,443	£190,000	£130,000	Franchise	SG0.19203	
12605	8M Oakfield Road	West Croydon			CR9 2UA	F	2	100%	£129.48	£246,000	£99,443	£190,000	£190,000	GN Social - London	MV-STT	£0	£99,443	£190,000	£130,000	Franchise	SG0.19203	
12606	8N Oakfield Road	West Croydon			CR9 2UA	F	2	100%	£129.48	£246,000	£99,443	£190,000	£190,000	GN Social - London	MV-STT	£0	£99,443	£190,000	£130,000	Franchise	SG0.19203	
12607	8O Oakfield Road	West Croydon			CR9 2UA	F	2	100%	£129.48	£246,000	£99,443	£190,000	£190,000	GN Social - London	MV-STT	£0	£99,443	£190,000	£130,000	Franchise	SG0.19203	
12608	8P Oakfield Road	West Croydon			CR9 2UA	F	2	100%	£129.48	£246,000	£99,443	£190,000	£190,000	GN Social - London	MV-STT	£0	£99,443	£190,000	£130,000	Franchise	SG0.19203	
12609	8Q Oakfield Road	West Croydon			CR9 2UA	F	2	100%	£129.48	£246,000	£99,443	£190,000	£190,000	GN Social - London	MV-STT	£0	£99,443	£190,000	£130,000	Franchise	SG0.19203	
12610	8R Oakfield Road	West Croydon			CR9 2UA	F	2	100%	£129.48	£246,000	£99,443	£190,000	£190,00									





UPRN	Address 1	Address 2	Address 3	Address 4	LA	Post Code	Property Type	Beis (0=Bedst)	SD Count Retained by HA %	2023/24 Rent Cap (p2 weeks)	Indicative 100% Vacant Possession	EVV-SH	MV-STT	Operative Value	Archetype	Valuation Basis	Remedial Costs Remedial Costs	EVV-SH Resulting from Remedial Costs	MV-STT Resulting from Remedial Costs	Operative Value Applicable Remedial Costs	Finalised Leasehold	Title	
20076	FLAT 5 Kendal Court	Godstone Road			Kerley	CR8 5GE	F	2	0%	£1,000			£0	£0	NI Value	NI Value	£0	£0	£0	£0	Freehold	GL355662	
20077	FLAT 4 Kendal Court	Godstone Road			Kerley	CR8 5GE	F	2	0%	£1,117	£275	£1,401	£275	£0	NI Value	NI Value	£1,117	£0	£1,117	£1,117	Freehold	GL355662	
20078	FLAT 3 Kendal Court	Godstone Road			Kerley	CR8 5GE	F	2	0%	£275,000	£275,000	£1,172	£1,172	£0	NI Value	NI Value	£1,172	£0	£1,172	£1,172	Freehold	GL355662	
20079	FLAT 2 Kendal Court	Godstone Road			Kerley	CR8 5GE	F	2	70%	£114,36	£154,628	£0	£164,628	£0	NI Value	NI Value	£164,628	£0	£164,628	£164,628	Freehold	GL355662	
20170	FLAT 1 Kendal Court	Godstone Road			Kerley	CR8 5GE	F	2	0%	£24,51	£275,000	£0	£275,000	£0	NI Value	NI Value	£24,51	£0	£24,51	£24,51	Freehold	GL355662	
20080	FLAT 10 Kendal Court	Godstone Road			Kerley	CR8 5GE	F	2	0%	£0,00		£0	£0	£0	NI Value	NI Value	£0	£0	£0	£0	Freehold	GL355662	
20081	FLAT 11 Kendal Court	Godstone Road			Kerley	CR8 5GE	F	2	0%	£0,00		£0	£0	£0	NI Value	NI Value	£0	£0	£0	£0	Freehold	GL355662	
20082	FLAT 12 Kendal Court	Godstone Road			Kerley	CR8 5GE	F	2	70%	£110,17	£275,000	£158,605	£0	£168,605	BO	ELV-SH	£0	£158,605	£0	£158,605	£158,605	Freehold	GL355662
20083	FLAT 13 Kendal Court	Godstone Road			Kerley	CR8 5GE	F	2	70%	£120,02	£275,000	£158,605	£0	£168,605	BO	ELV-SH	£0	£158,605	£0	£158,605	£158,605	Freehold	GL355662
20084	FLAT 14 Kendal Court	Godstone Road			Kerley	CR8 5GE	F	2	70%	£120,02	£275,000	£157,107	£0	£167,107	BO	ELV-SH	£0	£157,107	£0	£157,107	£157,107	Freehold	GL355662
30766	38B Kent Street	Canterbury			Kent	CT1 1EE	H	2	0%	£1,000		£1,000	£1,000	£1,000	ON Social - South East	ELV-SH	£1,000	£1,000	£1,000	£1,000	Freehold	KL145661	
30767	38B Kent Street	Canterbury			Kent	CT1 1EE	H	2	0%	£1,000		£1,000	£1,000	£1,000	ON Social - South East	ELV-SH	£1,000	£1,000	£1,000	£1,000	Freehold	KL145661	
30768	30 Shilley Avenue	Canterbury			Canterbury	CT1 1EG	H	1	0%	£1,000	£1,000	£1,000	£1,000	£1,000	ON Social - South East	ELV-SH	£1,000	£1,000	£1,000	£1,000	Freehold	KL152511	
30769	11 Hoytings Close	Canterbury			Canterbury	CT1 3DD	H	3	0%	£146,98	£205,000	£88,528	£205,000	£88,528	ON Social - South East	ELV-SH	£88,528	£205,000	£88,528	£88,528	Freehold	KL232098	
30770	11 Hoytings Close	Canterbury			Canterbury	CT1 3DD	H	3	0%	£146,98	£205,000	£88,528	£205,000	£88,528	ON Social - South East	ELV-SH	£88,528	£205,000	£88,528	£88,528	Freehold	KL232098	
30771	3 Hoytings Close	Canterbury			Canterbury	CT1 3DD	H	2	0%	£129,20	£295,000	£88,528	£295,000	£88,528	ON Social - South East	ELV-SH	£88,528	£295,000	£88,528	£88,528	Freehold	KL232098	
30772	5 Hoytings Close	Canterbury			Canterbury	CT1 3DD	H	3	0%	£143,08	£295,000	£88,528	£295,000	£88,528	ON Social - South East	ELV-SH	£88,528	£295,000	£88,528	£88,528	Freehold	KL232098	
30773	12 Hoytings Close	Canterbury			Canterbury	CT1 3DD	H	3	0%	£143,08	£320,000	£88,528	£320,000	£88,528	ON Social - South East	ELV-SH	£88,528	£320,000	£88,528	£88,528	Freehold	KL232098	
30774	11 Hoytings Close	Canterbury			Canterbury	CT1 3DD	H	3	0%	£143,08	£320,000	£88,528	£320,000	£88,528	ON Social - South East	ELV-SH	£88,528	£320,000	£88,528	£88,528	Freehold	KL232098	
30775	14 Hoytings Close	Canterbury			Canterbury	CT1 3DD	H	3	0%	£143,08	£320,000	£88,528	£320,000	£88,528	ON Social - South East	ELV-SH	£88,528	£320,000	£88,528	£88,528	Freehold	KL232098	
30776	15 Hoytings Close	Canterbury			Canterbury	CT1 3DD	H	3	0%	£143,08	£320,000	£88,528	£320,000	£88,528	ON Social - South East	ELV-SH	£88,528	£320,000	£88,528	£88,528	Freehold	KL232098	
30777	16 Hoytings Close	Canterbury			Canterbury	CT1 3DD	H	3	0%	£143,08	£320,000	£88,528	£320,000	£88,528	ON Social - South East	ELV-SH	£88,528	£320,000	£88,528	£88,528	Freehold	KL232098	
30778	17 Hoytings Close	Canterbury			Canterbury	CT1 3DD	H	3	0%	£143,08	£320,000	£88,528	£320,000	£88,528	ON Social - South East	ELV-SH	£88,528	£320,000	£88,528	£88,528	Freehold	KL232098	
30779	18 Hoytings Close	Canterbury			Canterbury	CT1 3DD	H	3	0%	£143,08	£320,000	£88,528	£320,000	£88,528	ON Social - South East	ELV-SH	£88,528	£320,000	£88,528	£88,528	Freehold	KL232098	
30780	19 Hoytings Close	Canterbury			Canterbury	CT1 3DD	H	3	0%	£143,08	£320,000	£88,528	£320,000	£88,528	ON Social - South East	ELV-SH	£88,528	£320,000	£88,528	£88,528	Freehold	KL232098	
30781	19 Hoytings Close	Canterbury			Canterbury	CT1 3DD	H	4	0%	£156,98	£390,000	£107,563	£390,000	£107,563	ON Social - South East	ELV-SH	£107,563	£390,000	£107,563	£107,563	Freehold	KL232098	
30782	FLAT 6	Hoytings Close			Canterbury	CT1 3DD	F	2	0%	£156,98	£390,000	£107,563	£390,000	£107,563	ON Social - South East	ELV-SH	£107,563	£390,000	£107,563	£107,563	Freehold	KL232098	
30720	FLAT 7	Hoytings Close			Canterbury	CT1 3DD	F	1	0%	£102,47	£130,000	£79,212	£110,000	£79,212	ON Social - South East	ELV-SH	£79,212	£110,000	£79,212	£79,212	Freehold	KL232098	
30721	FLAT 8	Hoytings Close			Canterbury	CT1 3DD	F	1	0%	£130,000	£130,000	£77,603	£130,000	£77,603	ON Social - South East	ELV-SH	£77,603	£130,000	£77,603	£77,603	Freehold	KL232098	
30722	FLAT 9	Hoytings Close			Canterbury	CT1 3DD	F	1	0%	£130,000	£130,000	£87,609	£110,000	£87,609	ON Affordable - South East	ELV-SH	£87,609	£110,000	£87,609	£87,609	Freehold	KL232098	
31000	98A Godwin Road	Canterbury			Kent	CT1 3JF	F	2	0%	£125,99	£290,000	£88,328	£215,000	£88,328	ON Social - South East	ELV-SH	£88,328	£215,000	£88,328	£88,328	Freehold	KT042112	
31001	98C Godwin Road	Canterbury			Canterbury	CT1 3JF	H	2	0%	£125,99	£290,000	£88,328	£215,000	£88,328	ON Social - South East	ELV-SH	£88,328	£215,000	£88,328	£88,328	Freehold	KT042112	
31002	98D Godwin Road	Canterbury			Canterbury	CT1 3JF	H	2	0%	£125,99	£290,000	£88,328	£215,000	£88,328	ON Social - South East	ELV-SH	£88,328	£215,000	£88,328	£88,328	Freehold	KT042112	
31003	23 Godwin Road	Canterbury			Canterbury	CT1 3JG	H	2	0%	£121,15	£290,000	£83,012	£215,000	£83,012	ON Social - South East	ELV-SH	£83,012	£215,000	£83,012	£83,012	Freehold	KT042112	
31004	23 Godwin Road	Canterbury			Canterbury	CT1 3JG	H	2	0%	£121,15	£290,000	£88,328	£215,000	£88,328	ON Social - South East	ELV-SH	£88,328	£215,000	£88,328	£88,328	Freehold	KT042112	
31005	25A Godwin Road	Canterbury			Kent	CT1 3JG	H	2	0%	£125,99	£290,000	£88,328	£215,000	£88,328	ON Social - South East	ELV-SH	£88,328	£215,000	£88,328	£88,328	Freehold	KT042112	
31006	41B Godwin Road	Canterbury			Canterbury	CT1 3JG	H	2	0%	£125,99	£290,000	£88,328	£215,000	£88,328	ON Affordable - South East	ELV-SH	£88,328	£215,000	£88,328	£88,328	Freehold	KT042112	
30958	18B Alfred Close	Canterbury			Kent	CT1 3JL	H	2	0%	£134,97	£290,000	£88,328	£215,000	£88,328	ON Social - South East	ELV-SH	£88,328	£215,000	£88,328	£88,328	Freehold	KT042112	
30959	18C Alfred Close	Canterbury			Kent	CT1 3JL	H	2	0%	£134,97	£290,000	£88,328	£215,000	£88,328	ON Social - South East	ELV-SH	£88,328	£215,000	£88,328	£88,328	Freehold	KT042112	
30960	125A Alfred Close	Canterbury			Canterbury	CT1 3JL	H	2	0%	£125,99	£290,000	£88,328	£215,000	£88,328	ON Social - South East	ELV-SH	£88,328	£215,000	£88,328	£88,328	Freehold	KT042112	
30961	125B Alfred Close	Canterbury			Canterbury	CT1 3JL	H	2	0%	£125,99	£290,000	£88,328	£215,000	£88,328	ON Social - South East	ELV-SH	£88,328	£215,000	£88,328	£88,328	Freehold	KT042112	
30962	125C Alfred Close	Canterbury			Canterbury	CT1 3JL	H	2	0%	£125,99	£290,000	£88,328	£215,000	£88,328	ON Social - South East	ELV-SH	£88,328	£215,000	£88,328	£88,328	Freehold	KT042112	
30963	125D Alfred Close	Canterbury			Canterbury	CT1 3JL	H	2	0%	£125,99	£290,000	£88,328	£215,000	£88,328	ON Social - South East	ELV-SH	£88,328	£215,000	£88,328	£88,328	Freehold	KT042112	
30964	125E Alfred Close	Canterbury			Canterbury	CT1 3JL	H	2	0%	£125,99	£290,000	£88,328	£215,000	£88,328	ON Social - South East	ELV-SH	£88,328	£215,000	£88,328	£88,328	Freehold	KT042112	
30965	35 Coakley Road	Canterbury			Kent	CT1 3JF	F	2	0%	£143,08	£330,000	£88,528	£240,000	£88,528	ON Social - South East	MV-STT	£88,528	£240,000	£88,528	£88,528	Freehold	KT042112	
30889	26 Shingles Lane	Canterbury			Canterbury	CT1 3JH	H	2	0%	£130,61	£290,000	£92,520	£225,000	£225,000	ON Social - South East	MV-STT	£92,520	£225,000	£225,000	£225,000	Freehold	KS8210	
8222	36 Shingles Lane	Kent			Kent	CT1 3JH	H	2	0%	£130,61	£290,000	£77,156	£225,000	£77,156	ON Affordable - South East	MV-STT	£77,156	£225,000	£77,156	£77,156	Freehold	KT042112	
9001	90C Shingles Lane	Canterbury			Canterbury	CT1 3JH	H	2	0%	£125,99	£290,000	£88,328	£225,000	£88,328	ON Social - South East	MV-STT	£88,328	£225,000	£88,328	£88,328	Freehold	KT042112	
5043	2 Waver Church	Barby, Rugby	Warrickshire	DAVENTRY	East Northamptonshire	DV2 3JF	F	3	NA	£125,17	£280,000	£79,841	£210,000	£210,000	ON Social - Midlands	MV-STT	£79,841	£210,000	£210,000	£210,000	Freehold	NN74281	
5044	2 Waver Church	Barby, Rugby	Warrickshire	DAVENTRY	East Northamptonshire	DV2 3JF	F	3	NA	£125,17</													



UPRN	Address 1	Address 2	Address 3	Address 4	LA	Post Code	Property Type	Beis (0=Bedst)	SD Count Retained by HA %	2023/24 Rent Cap (p2 weeks)	Indicative 100% Vacant	EV5H	MV5T	Operative Value	Archetype	Valuation Basis	Remudal Costs Applicable	EV5H Resulting from Remedial Costs	MV5T Resulting from Remedial Costs	Operative Value Resulting from Remedial Costs	Freight/Landlord	Title			
51486	Office A	Bridge House	Bridge Road	Bridge Road	Seaside	ME12 1RH	NA	0	0%	£0.00	£0	£0	£0	N Value	N Value	£0	£0	£0	£0	£0	£0	Freehold	K73781		
51487	Office	Bridge House	Bridge Road	Bridge Road	Seaside	ME12 1RH	NA	0	0%	£0.00	£0	£0	£0	N Value	N Value	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781	
51488	Office C	Bridge House	Bridge Road	Bridge Road	Seaside	ME12 1RH	NA	0	0%	£0.00	£0	£0	£0	N Value	N Value	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
49928	FLAT 1 DMT	Bridge House	Bridge Road	Bridge Road	Seaside	ME12 1RH	NA	0	0%	£0.00	£0	£0	£0	N Value	N Value	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
49910	FLAT 2 Bridge House	Bridge Road	Bridge Road	Bridge Road	Seaside	ME12 1RH	F	1	100%	£84.65	£30.00	£43.66	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
49911	FLAT 3 Bridge House	Bridge Road	Bridge Road	Bridge Road	Seaside	ME12 1RH	F	1	100%	£84.65	£30.00	£43.66	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
49912	FLAT 4 Bridge House	Bridge Road	Bridge Road	Bridge Road	Seaside	ME12 1RH	F	1	100%	£84.65	£30.00	£43.66	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
49913	FLAT 5 Bridge House	Bridge Road	Bridge Road	Bridge Road	Seaside	ME12 1RH	F	1	100%	£84.65	£30.00	£43.66	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
49914	FLAT 6 Bridge House	Bridge Road	Bridge Road	Bridge Road	Seaside	ME12 1RH	F	1	100%	£84.65	£30.00	£43.66	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
49915	FLAT 7 Bridge House	Bridge Road	Bridge Road	Bridge Road	Seaside	ME12 1RH	F	1	100%	£84.65	£30.00	£43.66	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
49916	FLAT 8 Bridge House	Bridge Road	Bridge Road	Bridge Road	Seaside	ME12 1RH	F	1	100%	£84.65	£30.00	£43.66	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
49917	FLAT 9 Bridge House	Bridge Road	Bridge Road	Bridge Road	Seaside	ME12 1RH	F	1	100%	£84.65	£30.00	£43.66	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
49918	FLAT 10 Bridge House	Bridge Road	Bridge Road	Bridge Road	Seaside	ME12 1RH	F	1	100%	£84.65	£30.00	£43.66	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
49919	FLAT 11 Bridge House	Bridge Road	Bridge Road	Bridge Road	Seaside	ME12 1RH	F	1	100%	£84.65	£30.00	£43.66	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
49920	FLAT 12 Bridge House	Bridge Road	Bridge Road	Bridge Road	Seaside	ME12 1RH	F	1	100%	£84.65	£30.00	£43.66	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
49921	FLAT 13 Bridge House	Bridge Road	Bridge Road	Bridge Road	Seaside	ME12 1RH	F	1	100%	£84.65	£30.00	£43.66	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
49922	FLAT 14 Bridge House	Bridge Road	Bridge Road	Bridge Road	Seaside	ME12 1RH	F	1	100%	£84.65	£30.00	£43.66	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
49923	FLAT 15 Bridge House	Bridge Road	Bridge Road	Bridge Road	Seaside	ME12 1RH	F	1	100%	£84.65	£30.00	£43.66	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
49924	FLAT 16 Bridge House	Bridge Road	Bridge Road	Bridge Road	Seaside	ME12 1RH	F	1	100%	£84.65	£30.00	£43.66	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
49925	FLAT 17 Bridge House	Bridge Road	Bridge Road	Bridge Road	Seaside	ME12 1RH	F	1	100%	£84.65	£30.00	£43.66	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
49926	FLAT 18 Bridge House	Bridge Road	Bridge Road	Bridge Road	Seaside	ME12 1RH	F	1	100%	£84.65	£30.00	£43.66	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
49927	FLAT 19 Bridge House	Bridge Road	Bridge Road	Bridge Road	Seaside	ME12 1RH	F	1	100%	£84.65	£30.00	£43.66	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
49928	FLAT 20 Bridge House	Bridge Road	Bridge Road	Bridge Road	Seaside	ME12 1RH	F	1	100%	£84.65	£30.00	£43.66	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	Freehold	K73781
33056	9 Hipsion Place	Minster-on-sea	Minster-on-sea	Minster-on-sea	Seaside	ME12 3PE	H	3	0%	£107.76	£290.00	£73.87	£205.00	£205.00	GN Social - South East	MV5TT	£0	£74.837	£205.00	£205.00	£0	£0	£0	Freehold	K73746
31527	22 Blatcher Close	Minster-on-sea	Minster-on-sea	Minster-on-sea	Seaside	ME12 3PG	H	2	0%	£114.71	£230.00	£78.99	£180.00	£180.00	GN Social - South East	MV5TT	£0	£78.999	£180.00	£180.00	£0	£0	£0	Freehold	K81883
31528	24 Blatcher Close	Minster-on-sea	Minster-on-sea	Minster-on-sea	Seaside	ME12 3PG	H	2	0%	£114.71	£230.00	£78.99	£180.00	£180.00	GN Social - South East	MV5TT	£0	£78.999	£180.00	£180.00	£0	£0	£0	Freehold	K81883
33320	30 St James Close	Wardon Bay	Wardon Bay	Wardon Bay	Seaside	ME12 4PW	H	3	0%	£116.22	£280.00	£74.91	£205.00	£205.00	GN Affordable - South East	MV5TT	£0	£74.91	£205.00	£205.00	£0	£0	£0	Freehold	K86779
33229	4 Waverley View	Wardon Bay	Wardon Bay	Wardon Bay	Seaside	ME12 4PW	H	3	0%	£116.22	£280.00	£74.91	£205.00	£205.00	GN Social - South East	MV5TT	£0	£74.91	£205.00	£205.00	£0	£0	£0	Freehold	K86779
33230	14 Waverley View	Wardon Bay	Wardon Bay	Wardon Bay	Seaside	ME12 4PW	H	3	0%	£116.22	£280.00	£74.91	£205.00	£205.00	GN Social - South East	MV5TT	£0	£74.91	£205.00	£205.00	£0	£0	£0	Freehold	K86779
31278	2 Goodsheds Common	Head Hill Road	Head Hill Road	Head Hill Road	Graveney	ME12 5BT	H	2	0%	£111.52	£320.00	£78.43	£240.00	£240.00	GN Social - South East	MV5TT	£0	£78.43	£240.00	£240.00	£0	£0	£0	Freehold	K00243
31279	3 Goodsheds Common	Head Hill Road	Head Hill Road	Head Hill Road	Graveney	ME12 5BT	H	2	0%	£111.52	£320.00	£78.43	£240.00	£240.00	GN Social - South East	MV5TT	£0	£78.43	£240.00	£240.00	£0	£0	£0	Freehold	K00243
31276	4 Goodsheds Common	Head Hill Road	Head Hill Road	Head Hill Road	Graveney	ME12 5BT	H	3	0%	£122.18	£365.00	£83.71	£275.00	£275.00	GN Social - South East	MV5TT	£0	£83.718	£275.00	£275.00	£0	£0	£0	Freehold	K00243
31279	5 Goodsheds Common	Head Hill Road	Head Hill Road	Head Hill Road	Graveney	ME12 5BT	H	3	0%	£122.18	£365.00	£83.71	£275.00	£275.00	GN Social - South East	MV5TT	£0	£83.718	£275.00	£275.00	£0	£0	£0	Freehold	K00243
31273	6 Vinton Close	Graveney	Graveney	Graveney	Seaside	ME12 5EA	H	2	0%	£120.82	£320.00	£82.78	£240.00	£240.00	GN Social - South East	MV5TT	£0	£82.78	£240.00	£240.00	£0	£0	£0	Freehold	K71778
31282	7 Vinton Close	Graveney	Graveney	Graveney	Seaside	ME12 5EA	H	2	0%	£120.82	£320.00	£82.78	£240.00	£240.00	GN Social - South East	MV5TT	£0	£82.78	£240.00	£240.00	£0	£0	£0	Freehold	K71778
31274	15A Victoria Street	Gillingham	Gillingham	Gillingham	Medway	ME7 1ED	H	2	0%	£106.11	£215.00	£72.01	£170.00	£170.00	GN Social - South East	ELV5H	£0	£72.01	£170.00	£170.00	£0	£0	£0	Freehold	K61246
37054	15A Victoria Street	Gillingham	Gillingham	Gillingham	Medway	ME7 1ED	H	2	0%	£106.08	£215.00	£72.01	£170.00	£170.00	GN Social - South East	ELV5H	£0	£72.01	£170.00	£170.00	£0	£0	£0	Freehold	K51633
37055	16B Victoria Street	Gillingham	Gillingham	Gillingham	Medway	ME7 1ED	H	2	0%	£115.75	£230.00	£73.92	£180.00	£180.00	GN Social - South East	ELV5H	£0	£73.92	£180.00	£180.00	£0	£0	£0	Freehold	K74308
32054	14 Dawsons Road	Gillingham	Gillingham	Gillingham	Medway	ME7 1AN	F	3	0%	£115.75	£230.00	£73.92	£180.00	£180.00	GN Social - South East	MV5TT	£0	£73.92	£180.00	£180.00	£0	£0	£0	Freehold	K74308
39653	44 Hag Avenue	Seaside	Seaside	Seaside	Medway	ME7 2JJ	H	2	0%	£116.34	£235.00	£73.16	£190.00	£190.00	GN Social - South East	MV5TT	£0	£73.16	£190.00	£190.00	£0	£0	£0	Freehold	K81926
39654	8 Maple Avenue	Seaside	Seaside	Seaside	Medway	ME7 2NA	H	2	0%	£116.34	£235.00	£73.16	£190.00	£190.00	GN Social - South East	MV5TT	£0	£73.16	£190.00	£190.00	£0	£0	£0	Freehold	K84321
39644	67 Seaton Road	Trypham	Trypham	Trypham	Seaside	ME12 4AD	H	3	0%	£139.59	£270.00	£87.71	£215.00	£215.00	GN Affordable - South East	MV5TT	£0	£87.71	£215.00	£215.00	£0	£0	£0	Freehold	K29202
57388	FLAT 1 Servite House	27 Bramley Road	Oakwood	ENFIELD	Enfield	N4 4HD	F	1	NA	£121.08	£175.00	£74.69	£130.00	£130.00	HOPS - London & South East	ELV5H	£0	£74.69	£130.00	£130.00	£0	£0	£0	Freehold	NG41934
57389	FLAT 2 Servite House	27 Bramley Road	Oakwood	ENFIELD	Enfield	N4 4HD	F	1	NA	£121.08	£175.00	£74.69	£130.00	£130.00	HOPS - London & South East	ELV5H	£0	£74.69	£130.00	£130.00	£0	£0	£0	Freehold	NG41934
57390	FLAT 3 Servite House	27 Bramley Road	Oakwood	ENFIELD	Enfield	N4 4HD	F	1	NA	£123.39	£175.00	£73.09	£130.00	£130.00	HOPS - London & South East	ELV5H	£0	£73.09	£130.00	£130.00	£0	£0	£0	Freehold	NG41934
57391	FLAT 4 Servite House	27 Bramley Road	Oakwood	ENFIELD	Enfield	N4 4HD	F	1	NA	£123.39	£175.00	£73.09	£130.00	£130.00	HOPS - London & South East	ELV5H	£0	£73.09	£130.00	£130.00	£0	£0	£0	Freehold	NG41934
57392	FLAT 5 Servite House	27 Bramley Road	Oakwood	ENFIELD	Enfield	N4 4HD	F	1	NA	£123.39	£175.00	£73.09	£130.00	£130.00	HOPS - London & South East	ELV5H	£0	£73.09	£130.00	£130.00	£0	£0	£0	Freehold	NG41934
57393	FLAT 6 Servite House	27 Bramley Road	Oakwood	ENFIELD	Enfield	N4 4HD	F	1	NA	£123.39	£175.00	£73.09	£130.00	£130.00	HOPS - London & South East	ELV5H	£0	£73.09	£130.00	£130.00	£0	£0	£0	Freehold	NG41934
57394	FLAT 7 Servite House	27 Bramley Road	Oakwood	ENFIELD	Enfield	N4 4HD	F	1	NA	£123.39	£175.00	£73.09	£130.00	£130.00	HOPS - London & South East	ELV5H	£0	£73.09	£130.00	£130.00	£0	£0	£0	Freehold	NG41934
57395	FLAT 8 Servite House	27 Bramley Road	Oakwood	ENFIELD	Enfield	N4 4HD	F	1	NA	£123.39	£175.00	£73.09	£130.00	£130.00	HOPS - London & South East	ELV5H	£0	£73.09	£130.00	£130.00	£0	£0	£0	Freehold	NG41934
57396	FLAT 9 Servite House	27 Bramley Road	Oakwood	ENFIELD	Enfield	N4 4HD	F	1	NA	£123.39	£175.00	£73.09	£130.00	£130.00	HOPS - London & South East	ELV5H	£0	£73.09	£130.00	£130.00	£0	£0	£0	Freehold	NG41934
57397	FLAT 10 Servite House	27 Bramley Road	Oakwood	ENFIELD	Enfield	N4 4HD	F	1	NA	£123.39	£175.00	£73.09	£130.00	£130.00	HOPS - London & South East	ELV5H	£0	£73.09	£130.00	£130.00	£0	£0	£0	Freehold	NG41934
57398	FLAT 11 Servite House	27 Bramley Road	Oakwood	ENFIELD	Enfield	N4 4HD	F	1	NA	£123.39	£175.00	£73.09	£130.00	£130.00	HOPS - London & South East	ELV5H	£0	£73.09	£130.00	£130.00	£0	£0	£0	Freehold	NG41934
57399	FL																								





UPEAN	Address 1	Address 2	Address 3	Address 4	LA	Post Code	Property Type	Beis (No-Beats)	SD Coum Retained by HA %	2023/24 Rent Eps (2 weeks)	Indicative 100% Vacant Possession Value	EV-SH	MV-ST	Operative Value	Archetype	Valuation Basis	Remedial Costs Applicable	EV-SH Resulting from Remedial Costs	MV-ST Resulting from Remedial Costs	Operative Value Applicable Resulting from Remedial Costs	Freehold Leasehold	Title
73732	FLAT 107 Cowen House	37 Greenwich High Street	Greenwich	GREENWICH	Greenwich	SE10 8BS	F	1	NA	£188.06	£440,000	£155,982	£320,000	£155,982	GN Affordable - London	ELV-BH	£0	£156,592	£320,000	£155,982	Leasehold	TG1542037
73734	FLAT 109 Cowen House	37 Greenwich High Street	Greenwich	GREENWICH	Greenwich	SE10 8BS	F	1	NA	£188.06	£440,000	£155,982	£320,000	£155,982	GN Affordable - London	ELV-BH	£0	£156,592	£320,000	£155,982	Leasehold	TG1542037
73735	FLAT 108 Cowen House	37 Greenwich High Street	Greenwich	GREENWICH	Greenwich	SE10 8BS	F	1	NA	£188.06	£440,000	£155,982	£320,000	£155,982	GN Affordable - London	ELV-BH	£0	£156,592	£320,000	£155,982	Leasehold	TG1542037
73736	FLAT 110 Cowen House	37 Greenwich High Street	Greenwich	GREENWICH	Greenwich	SE10 8BS	F	1	NA	£176.18	£91,000	£138,439	£445,000	£138,439	GN Social - London	ELV-BH	£0	£138,439	£445,000	£138,439	Leasehold	TG1542037
73737	FLAT 111 Cowen House	37 Greenwich High Street	Greenwich	GREENWICH	Greenwich	SE10 8BS	F	1	NA	£176.18	£91,000	£138,439	£445,000	£138,439	GN Social - London	ELV-BH	£0	£138,439	£445,000	£138,439	Leasehold	TG1542037
73738	FLAT 112 Cowen House	37 Greenwich High Street	Greenwich	GREENWICH	Greenwich	SE10 8BS	F	1	NA	£176.18	£91,000	£138,439	£445,000	£138,439	GN Social - London	ELV-BH	£0	£138,439	£445,000	£138,439	Leasehold	TG1542037
73739	FLAT 114 Cowen House	37 Greenwich High Street	Greenwich	GREENWICH	Greenwich	SE10 8BS	F	3	NA	£174.96	£91,000	£135,404	£445,000	£135,404	GN Social - London	ELV-BH	£0	£136,494	£445,000	£136,494	Leasehold	TG1542037
73740	FLAT 115 Cowen House	37 Greenwich High Street	Greenwich	GREENWICH	Greenwich	SE10 8BS	F	3	NA	£174.96	£91,000	£135,404	£445,000	£135,404	GN Social - London	ELV-BH	£0	£136,494	£445,000	£136,494	Leasehold	TG1542037
73741	FLAT 116 Cowen House	37 Greenwich High Street	Greenwich	GREENWICH	Greenwich	SE10 8BS	F	2	NA	£259.19	£259,000	£211,648	£385,000	£211,648	GN Affordable - London	ELV-BH	£0	£211,648	£385,000	£211,648	Leasehold	TG1542037
73742	FLAT 117 Cowen House	37 Greenwich High Street	Greenwich	GREENWICH	Greenwich	SE10 8BS	F	2	NA	£259.19	£259,000	£211,648	£385,000	£211,648	GN Affordable - London	ELV-BH	£0	£211,648	£385,000	£211,648	Leasehold	TG1542037
73743	FLAT 118 Cowen House	37 Greenwich High Street	Greenwich	GREENWICH	Greenwich	SE10 8BS	F	3	NA	£176.18	£91,000	£136,439	£445,000	£136,439	GN Social - London	ELV-BH	£0	£136,439	£445,000	£136,439	Leasehold	TG1542037
73744	FLAT 119 Cowen House	37 Greenwich High Street	Greenwich	GREENWICH	Greenwich	SE10 8BS	F	3	NA	£176.18	£91,000	£136,439	£445,000	£136,439	GN Social - London	ELV-BH	£0	£136,439	£445,000	£136,439	Leasehold	TG1542037
73745	FLAT 120 Cowen House	37 Greenwich High Street	Greenwich	GREENWICH	Greenwich	SE10 8BS	F	2	NA	£259.19	£259,000	£211,648	£385,000	£211,648	GN Affordable - London	ELV-BH	£0	£211,648	£385,000	£211,648	Leasehold	TG1542037
73746	FLAT 121 Cowen House	37 Greenwich High Street	Greenwich	GREENWICH	Greenwich	SE10 8BS	F	2	NA	£259.19	£259,000	£211,648	£385,000	£211,648	GN Affordable - London	ELV-BH	£0	£211,648	£385,000	£211,648	Leasehold	TG1542037
73747	FLAT 122 Cowen House	37 Greenwich High Street	Greenwich	GREENWICH	Greenwich	SE10 8BS	F	2	NA	£175.58	£91,000	£135,974	£445,000	£135,974	GN Social - London	ELV-BH	£0	£136,574	£445,000	£136,574	Leasehold	TG1542037
73748	FLAT 124 Cowen House	37 Greenwich High Street	Greenwich	GREENWICH	Greenwich	SE10 8BS	F	1	NA	£290.42	£440,000	£172,819	£320,000	£172,819	GN Affordable - London	ELV-BH	£0	£172,819	£320,000	£172,819	Leasehold	TG1542037
73749	FLAT 125 Cowen House	37 Greenwich High Street	Greenwich	GREENWICH	Greenwich	SE10 8BS	F	1	NA	£147.41	£45,000	£137,391	£445,000	£137,391	GN Social - London	ELV-BH	£0	£137,391	£445,000	£137,391	Leasehold	TG1542037
22724	30 Cornhill Square	Kennington	London	Lambeth	SE11 4JN	H	3	100%	£160.25	£99,000	£124,110	£500,000	£500,000	GN Social - London	MV-STT	£0	£124,110	£500,000	£500,000	Freehold	TG1159211	
22725	30 Cornhill Square	Kennington	London	Lambeth	SE11 4JN	H	3	100%	£160.25	£99,000	£124,110	£500,000	£500,000	GN Social - London	MV-STT	£0	£124,110	£500,000	£500,000	Freehold	TG1159211	
22726	30 Cornhill Square	Kennington	London	Lambeth	SE11 4JN	H	3	100%	£160.25	£99,000	£124,110	£500,000	£500,000	GN Social - London	MV-STT	£0	£124,110	£500,000	£500,000	Freehold	TG1159211	
22727	30 Cornhill Square	Kennington	London	Lambeth	SE11 4JN	H	3	100%	£160.25	£99,000	£124,110	£500,000	£500,000	GN Social - London	MV-STT	£0	£124,110	£500,000	£500,000	Freehold	TG1159211	
22728	30 Cornhill Square	Kennington	London	Lambeth	SE11 4JN	H	3	100%	£160.25	£99,000	£124,110	£500,000	£500,000	GN Social - London	MV-STT	£0	£124,110	£500,000	£500,000	Freehold	TG1159211	
22729	30 Cornhill Square	Kennington	London	Lambeth	SE11 4JN	H	3	100%	£160.25	£99,000	£124,110	£500,000	£500,000	GN Social - London	MV-STT	£0	£124,110	£500,000	£500,000	Freehold	TG1159211	
22730	30 Cornhill Square	Kennington	London	Lambeth	SE11 4JN	H	3	100%	£160.25	£99,000	£124,110	£500,000	£500,000	GN Social - London	MV-STT	£0	£124,110	£500,000	£500,000	Freehold	TG1159211	
22731	41 Cornhill Square	Kennington	London	Lambeth	SE11 4JN	H	3	100%	£160.25	£99,000	£124,110	£500,000	£500,000	GN Social - London	MV-STT	£0	£124,110	£500,000	£500,000	Freehold	TG1159211	
10577	643A Baring Road	Grove Park	London	Lewisham	SE16 8EE	F	2	100%	£111.75	£215,000	£86,542	£170,000	£170,000	GN Social - London	MV-STT	£0	£86,542	£170,000	£170,000	Freehold	TG19096	
10578	343B Baring Road	Grove Park	London	Lewisham	SE16 8EE	F	2	100%	£88.82	£288,000	£53,268	£220,000	£220,000	GN Social - London	MV-STT	£0	£53,268	£220,000	£220,000	Freehold	TG19096	
10579	343C Baring Road	Grove Park	London	Lewisham	SE16 8EE	F	2	100%	£120.68	£260,000	£26,693	£220,000	£220,000	GN Social - London	MV-STT	£0	£26,693	£220,000	£220,000	Freehold	TG19096	
10580	343D Baring Road	Grove Park	London	Lewisham	SE16 8EE	F	2	100%	£120.49	£288,000	£9,654	£220,000	£220,000	GN Social - London	MV-STT	£0	£9,654	£220,000	£220,000	Freehold	TG19096	
10581	341B Baring Road	Grove Park	London	Lewisham	SE16 8EE	F	2	100%	£135.83	£288,000	£97,886	£220,000	£220,000	GN Social - London	MV-STT	£0	£97,886	£220,000	£220,000	Freehold	TG19096	
10582	341C Baring Road	Grove Park	London	Lewisham	SE16 8EE	F	2	100%	£135.83	£288,000	£97,886	£220,000	£220,000	GN Social - London	MV-STT	£0	£97,886	£220,000	£220,000	Freehold	TG19096	
13104	30 Clifville Road	Ladbroke	London	Lewisham	SE15 7DZ	H	3	100%	£81.50	£665,000	£125,070	£485,000	£485,000	GN Social - London	MV-STT	£0	£125,070	£485,000	£485,000	Freehold	SG122895	
13105	35 Clifville Road	Ladbroke	London	Lewisham	SE15 7DZ	H	3	100%	£81.50	£665,000	£125,070	£485,000	£485,000	GN Social - London	MV-STT	£0	£125,070	£485,000	£485,000	Freehold	SG122895	
28868	FLAT A	147 Ladbroke Street	London	Lewisham	SE15 7DZ	F	2	0%	£0.00	£0	£0	£0	£0	NA Value	NA Value	£0	£0	£0	£0	Freehold	TG1203311	
60487	FLAT 1 Servite House	Cobden Street	St Johns	GREENWICH	Greenwich	SE1 7RE	F	3	NA	£151.01	£270,000	£90,597	£200,000	£90,597	HOPS - London & South East	ELV-BH	£0	£90,597	£200,000	£90,597	Freehold	SG1373845
60487	FLAT 1 Servite House	Cobden Street	St Johns	GREENWICH	Greenwich	SE1 7RE	F	3	NA	£151.01	£270,000	£90,597	£200,000	£90,597	HOPS - London & South East	ELV-BH	£0	£90,597	£200,000	£90,597	Freehold	SG1373845
61665	FLAT 1 Servite House	Cobden Street	St Johns	GREENWICH	Greenwich	SE1 7RE	F	1	NA	£120.39	£160,000	£73,059	£120,000	£73,059	HOPS - London & South East	ELV-BH	£0	£73,059	£120,000	£73,059	Freehold	SG1373845
62572	FLAT 4 Servite House	Cobden Street	St Johns	GREENWICH	Greenwich	SE1 7RE	F	1	NA	£117.25	£160,000	£69,423	£120,000	£69,423	HOPS - London & South East	ELV-BH	£0	£69,423	£120,000	£69,423	Freehold	SG1373845
62573	FLAT 6 Servite House	Cobden Street	St Johns	GREENWICH	Greenwich	SE1 7RE	F	1	NA	£120.39	£160,000	£73,059	£120,000	£73,059	HOPS - London & South East	ELV-BH	£0	£73,059	£120,000	£73,059	Freehold	SG1373845
62574	FLAT 8 Servite House	Cobden Street	St Johns	GREENWICH	Greenwich	SE1 7RE	F	1	NA	£120.39	£160,000	£73,059	£120,000	£73,059	HOPS - London & South East	ELV-BH	£0	£73,059	£120,000	£73,059	Freehold	SG1373845
63034	FLAT 8 Servite House	Cobden Street	St Johns	GREENWICH	Greenwich	SE1 7RE	F	1	NA	£120.39	£160,000	£73,059	£120,000	£73,059	HOPS - London & South East	ELV-BH	£0	£73,059	£120,000	£73,059	Freehold	SG1373845
63034	FLAT 8 Servite House	Cobden Street	St Johns	GREENWICH	Greenwich	SE1 7RE	F	1	NA	£120.39	£160,000	£73,059	£120,000	£73,059	HOPS - London & South East	ELV-BH	£0	£73,059	£120,000	£73,059	Freehold	SG1373845
63034	FLAT 8 Servite House	Cobden Street	St Johns	GREENWICH	Greenwich	SE1 7RE	F	1	NA	£120.39	£160,000	£73,059	£120,000	£73,059	HOPS - London & South East	ELV-BH	£0	£73,059	£120,000	£73,059	Freehold	SG1373845
63034	FLAT 8 Servite House	Cobden Street	St Johns	GREENWICH	Greenwich	SE1 7RE	F	1	NA	£120.39	£160,000	£73,059	£120,000	£73,059	HOPS - London & South East	ELV-BH	£0	£73,059	£120,000	£73,059	Freehold	SG1373845
63034	FLAT 8 Servite House	Cobden Street	St Johns	GREENWICH	Greenwich	SE1 7RE	F	1	NA	£120.39	£160,000	£73,059	£120,000	£73,059	HOPS - London & South East	ELV-BH	£0	£73,059	£120,000	£73,059	Freehold	SG1373845
63034	FLAT 8 Servite House	Cobden Street	St Johns	GREENWICH	Greenwich	SE1 7RE	F	1	NA	£120.39	£160,000	£73,059	£120,000	£73,059	HOPS - London & South East	ELV-BH	£0	£73,059	£120,000	£73,059	Freehold	SG1373845
63034	FLAT 8 Servite House	Cobden Street	St Johns	GREENWICH	Greenwich	SE1 7RE	F	1	NA	£120.39	£160,000	£73,059	£120,000	£73,059	HOPS - London & South East	ELV-BH	£0	£73,059	£120,000	£73,059	Freehold	SG1373845
63034	FLAT 8 Servite House	Cobden Street	St Johns	GREENWICH	Greenwich	SE1 7RE	F	1	NA	£120.39	£160,000	£73,059	£120,000	£								









UPRN	Address 1	Address 2	Address 3	Address 4	LA	Post Code	Property Type	Beis (0=Badat)	SD Count Retained by HA %	2023/24 Rent Cap (p2 weeks)	Indicative 100% Vacant Value	EV-SH	MV-STT	Operative Value	Archetype	Valuation Basis	Remedial Costs Applicable	EV-SH Resulting from Remedial Costs	MV-STT Resulting from Remedial Costs	Operative Value Applicable Resulting from Remedial Costs	Freehold Leasehold	Title
17445	68C Brompton Square	Usual		London	London	W8A 1TP	F	1	100%	£124.59	£388,000	£96,486	£300,000	£300,000	GN Social - London	MV-STT	£0	£96,486	£300,000	£300,000	Freehold	TOL32388
17446	174A Brompton Square	Usual		London	London	W8A 1TP	F	2	100%	£124.59	£388,000	£96,486	£300,000	£300,000	GN Social - London	MV-STT	£0	£96,486	£300,000	£300,000	Freehold	TOL32388
17447	68E Brompton Square	Usual		London	London	W8A 1TP	F	1	100%	£124.59	£388,000	£96,486	£300,000	£300,000	GN Social - London	MV-STT	£0	£96,486	£300,000	£300,000	Freehold	TOL32388
18704	54A Brompton Square	Usual		London	London	W8A 1TP	F	2	100%	£140.63	£460,000	£108,508	£345,000	£345,000	GN Social - London	MV-STT	£0	£108,508	£345,000	£345,000	Freehold	TOL32388
18705	54B Brompton Square	Usual		London	London	W8A 1TP	F	2	100%	£140.63	£460,000	£108,508	£345,000	£345,000	GN Social - London	MV-STT	£0	£108,508	£345,000	£345,000	Freehold	TOL32388
28764	16B Brompton Square	Usual		London	London	W8A 1TP	F	1	0%	£0.00	£0	£0	£0	£0	N Value	N Value	£0	£0	£0	Freehold	TOL32388	
28765	16C Brompton Square	Usual		London	London	W8A 1TP	F	1	0%	£0.00	£0	£0	£0	£0	N Value	N Value	£0	£0	£0	Freehold	TOL32388	
28766	16D Brompton Square	Usual		London	London	W8A 1TP	F	1	0%	£0.00	£0	£0	£0	£0	N Value	N Value	£0	£0	£0	Freehold	TOL32388	
28767	16E Brompton Square	Usual		London	London	W8A 1TP	F	1	0%	£0.00	£0	£0	£0	£0	N Value	N Value	£0	£0	£0	Freehold	TOL32388	
28768	16F Brompton Square	Usual		London	London	W8A 1TP	F	1	0%	£0.00	£0	£0	£0	£0	N Value	N Value	£0	£0	£0	Freehold	TOL32388	
28769	20A Brompton Square	Usual		London	London	W8A 1TP	F	1	0%	£0.00	£0	£0	£0	£0	N Value	N Value	£0	£0	£0	Freehold	TOL32388	
28770	20B Brompton Square	Usual		London	London	W8A 1TP	F	1	0%	£0.00	£0	£0	£0	£0	N Value	N Value	£0	£0	£0	Freehold	TOL32388	
18707	314A Brixton Road	Usual		London	London	SW9 6AA	F	1	100%	£124.59	£356,000	£96,486	£275,000	£275,000	GN Social - London	MV-STT	£0	£96,486	£275,000	£275,000	Freehold	20181
18708	314B Brixton Road	Usual		London	London	SW9 6AA	F	1	100%	£124.59	£356,000	£96,486	£275,000	£275,000	GN Social - London	MV-STT	£0	£96,486	£275,000	£275,000	Freehold	20181
18709	314C Brixton Road	Usual		London	London	SW9 6AA	F	2	100%	£124.59	£356,000	£96,486	£275,000	£275,000	GN Social - London	MV-STT	£0	£96,486	£275,000	£275,000	Freehold	20181
18710	314D Brixton Road	Usual		London	London	SW9 6AA	F	2	100%	£124.59	£356,000	£96,486	£275,000	£275,000	GN Social - London	MV-STT	£0	£96,486	£275,000	£275,000	Freehold	20181
18139	314E Brixton Road	Usual		London	London	SW9 6AA	F	2	100%	£124.59	£356,000	£96,486	£275,000	£275,000	GN Social - London	MV-STT	£0	£96,486	£275,000	£275,000	Freehold	20181
8125	68 Convent Garden	Usual		London	London	SW1 8BB	H	3	100%	£173.43	£800,000	£210,500	£579,000	£579,000	GN Social - South East	MV-STT	£0	£210,500	£579,000	£579,000	Freehold	TOL12326
18709	70 Convent Garden	Usual		London	London	SW1 8BB	H	2	100%	£173.43	£800,000	£210,500	£579,000	£579,000	GN Social - South East	MV-STT	£0	£210,500	£579,000	£579,000	Freehold	ESK229282
8125	68 Convent Garden	Usual		London	London	SW1 8BB	H	3	100%	£173.43	£800,000	£210,500	£579,000	£579,000	GN Social - South East	MV-STT	£0	£210,500	£579,000	£579,000	Freehold	ESK229281
8124	10 Devel Down	Usual		London	London	W8A 1TP	F	2	100%	£124.59	£356,000	£96,486	£275,000	£275,000	GN Social - South East	MV-STT	£0	£96,486	£275,000	£275,000	Freehold	ESK229282
18710	10 Devel Down	Usual		London	London	W8A 1TP	F	2	100%	£124.59	£356,000	£96,486	£275,000	£275,000	GN Social - South East	MV-STT	£0	£96,486	£275,000	£275,000	Freehold	ESK229282
8125	68 Convent Garden	Usual		London	London	SW1 8BB	H	3	100%	£173.43	£800,000	£210,500	£579,000	£579,000	GN Social - South East	MV-STT	£0	£210,500	£579,000	£579,000	Freehold	ESK229281
4784	FLAT 1	26 Homestead Gardens		Headings	Headings	TK4 1LY	F	2	100%	£96.48	£190,000	£51,983	£150,000	£150,000	GN Social - South East	MV-STT	£0	£51,983	£150,000	£150,000	Freehold	HT12946
4784	FLAT 2	26 Homestead Gardens		Headings	Headings	TK4 1LY	F	2	100%	£96.48	£190,000	£51,983	£150,000	£150,000	GN Social - South East	MV-STT	£0	£51,983	£150,000	£150,000	Freehold	HT12946
4784	FLAT 3	26 Homestead Gardens		Headings	Headings	TK4 1LY	F	2	100%	£96.48	£190,000	£51,983	£150,000	£150,000	GN Social - South East	MV-STT	£0	£51,983	£150,000	£150,000	Freehold	HT12946
4784	FLAT 4	26 Homestead Gardens		Headings	Headings	TK4 1LY	F	2	100%	£96.48	£190,000	£51,983	£150,000	£150,000	GN Social - South East	MV-STT	£0	£51,983	£150,000	£150,000	Freehold	HT12946
4784	FLAT 5	26 Homestead Gardens		Headings	Headings	TK4 1LY	F	2	100%	£96.48	£190,000	£51,983	£150,000	£150,000	GN Social - South East	MV-STT	£0	£51,983	£150,000	£150,000	Freehold	HT12946
4784	FLAT 6	26 Homestead Gardens		Headings	Headings	TK4 1LY	F	2	100%	£96.48	£190,000	£51,983	£150,000	£150,000	GN Social - South East	MV-STT	£0	£51,983	£150,000	£150,000	Freehold	HT12946
4784	FLAT 7	26 Homestead Gardens		Headings	Headings	TK4 1LY	F	2	100%	£96.48	£190,000	£51,983	£150,000	£150,000	GN Social - South East	MV-STT	£0	£51,983	£150,000	£150,000	Freehold	HT12946
4784	FLAT 8	26 Homestead Gardens		Headings	Headings	TK4 1LY	F	2	100%	£96.48	£190,000	£51,983	£150,000	£150,000	GN Social - South East	MV-STT	£0	£51,983	£150,000	£150,000	Freehold	HT12946
2532	36 Brookline Close	Usual		Headings	Headings	TK4 2DF	H	3	0%	£112.81	£300,000	£77,160	£220,000	£220,000	GN Social - South East	MV-STT	£0	£77,160	£220,000	£220,000	Freehold	HT26281
7912	18 Stoney Drive	Usual		Headings	Headings	TK4 2DF	H	3	0%	£112.81	£300,000	£77,160	£220,000	£220,000	GN Social - South East	MV-STT	£0	£77,160	£220,000	£220,000	Freehold	HT26281
7912	Rubin Road	Usual		Headings	Headings	TK4 2DF	H	3	0%	£112.81	£300,000	£77,160	£220,000	£220,000	GN Social - South East	MV-STT	£0	£77,160	£220,000	£220,000	Freehold	HT26281
7912	The Magpies	Usual		Headings	Headings	TK4 2DF	H	3	0%	£112.81	£300,000	£77,160	£220,000	£220,000	GN Social - South East	MV-STT	£0	£77,160	£220,000	£220,000	Freehold	HT26281
7912	Overshield Cottage	Usual		Headings	Headings	TK4 2DF	H	3	0%	£112.81	£300,000	£77,160	£220,000	£220,000	GN Social - South East	MV-STT	£0	£77,160	£220,000	£220,000	Freehold	ESK214109 & ESK214174
7912	Overhield Cottage	Usual		Headings	Headings	TK4 2DF	H	3	0%	£112.81	£300,000	£77,160	£220,000	£220,000	GN Social - South East	MV-STT	£0	£77,160	£220,000	£220,000	Freehold	ESK214109
7912	Overhield Cottage	Usual		Headings	Headings	TK4 2DF	H	3	0%	£112.81	£300,000	£77,160	£220,000	£220,000	GN Social - South East	MV-STT	£0	£77,160	£220,000	£220,000	Freehold	ESK214109
8036	Whitetails	Usual		Headings	Headings	TK4 2DF	H	2	100%	£101.43	£356,000	£96,500	£260,000	£260,000	GN Social - South East	MV-STT	£0	£96,500	£260,000	£260,000	Freehold	ESK214109
8036	Whitetails	Usual		Headings	Headings	TK4 2DF	H	2	100%	£101.43	£356,000	£96,500	£260,000	£260,000	GN Social - South East	MV-STT	£0	£96,500	£260,000	£260,000	Freehold	ESK214109
8036	Whitetails	Usual		Headings	Headings	TK4 2DF	H	2	100%	£101.43	£356,000	£96,500	£260,000	£260,000	GN Social - South East	MV-STT	£0	£96,500	£260,000	£260,000	Freehold	ESK214109
8037	Rose Tree Cottage	Usual		Headings	Headings	TK4 2DF	H	2	100%	£101.43	£356,000	£96,500	£260,000	£260,000	GN Social - South East	MV-STT	£0	£96,500	£260,000	£260,000	Freehold	ESK214109
4773	The Keaton	Usual		Headings	Headings	TK4 2DF	H	2	60%	£89.60	£356,000	£123,991	£0	£0	N Value	N Value	£0	£0	£0	Freehold	ESK214109 & ESK214174	
4773	West Fields	Usual		Headings	Headings	TK4 2DF	H	2	60%	£89.60	£356,000	£123,991	£0	£0	N Value	N Value	£0	£0	£0	Freehold	ESK214109 & ESK214174	
4773	1 Park View Road	Usual		Headings	Headings	TK4 2DF	H	4	100%	£143.32	£420,000	£98,340	£305,000	£305,000	GN Social - South East	MV-STT	£0	£98,340	£305,000	£305,000	Freehold	ESK214109
4773	2 Park View Road	Usual		Headings	Headings	TK4 2DF	H	4	100%	£143.32	£420,000	£98,340	£305,000	£305,000	GN Social - South East	MV-STT	£0	£98,340	£305,000	£305,000	Freehold	ESK214109
4773	3 Park View Road	Usual		Headings	Headings	TK4 2DF	H	4	100%	£143.32	£420,000	£98,340	£305,000	£305,000	GN Social - South East	MV-STT	£0	£98,340	£305,000	£305,000	Freehold	ESK214109 & ESK214174
4773	4 Park View Road	Usual		Headings	Headings	TK4 2DF	H	4	100%	£143.32	£420,000	£98,340	£305,000	£305,000	GN Social - South East	MV-STT	£0	£98,340	£305,000	£305,000	Freehold	ESK214109 & ESK214174
8033	5 Park View Road	Usual		Headings	Headings	TK4 2DF	H	2	60%	£87.89	£356,000	£126,533	£0	£0	N Value	N Value	£0	£0	£0	Freehold	ESK214109 & ESK214174	
4773	6 Park View Road	Usual		Headings	Headings	TK4 2DF	H	4	100%	£143.32	£420,000	£98,340	£305,000	£305,000	GN Social - South East	MV-STT	£0	£98,340	£305,000	£305,000	Freehold	ESK214109 & ESK214174
4773	7 Park View Road	Usual		Headings	Headings	TK4 2DF	H	4	100%	£143.32	£420,000	£98,340	£305,000	£305,000	GN Social - South East	M						



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## Appendix 2 – Market Commentary

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# UK Housing Market Update



**Demand remained subdued as elevated mortgage rates weigh on prices**

House prices slipped by -0.2% in July, bringing annual falls to -3.8%, according to Nationwide. It is worth noting that home values were close to their peak last July, hence the sizeable annual adjustment. While the monthly fall was modest, we expect a continued downward trajectory as high mortgage rates suppress the market.

There is significant variation behind this national figure. Blaenau Gwent performed strongest, with annual growth to April of 13.1%. Aberdeen has continued to fall (down -1.6% annually) and has now been joined by the London boroughs of Southwark (-1.6%), Hammersmith and Fulham (-1.1%), Brent (-1.0%), and Hackney(-0.8%), as high mortgage rates put increased pressure especially on areas of stretched affordability.

Activity has remained more robust, as the number of completions rose in June to 94,690, according to HMRC. This was 86% of their 2017-19 average, up from 77% in May, as a rise in mortgage approvals in the early part of the year translated into completions.

An increasing number of surveyors reported both decreasing supply and demand, according to the RICS June survey. The gap between supply and demand widened, which will suppress values.

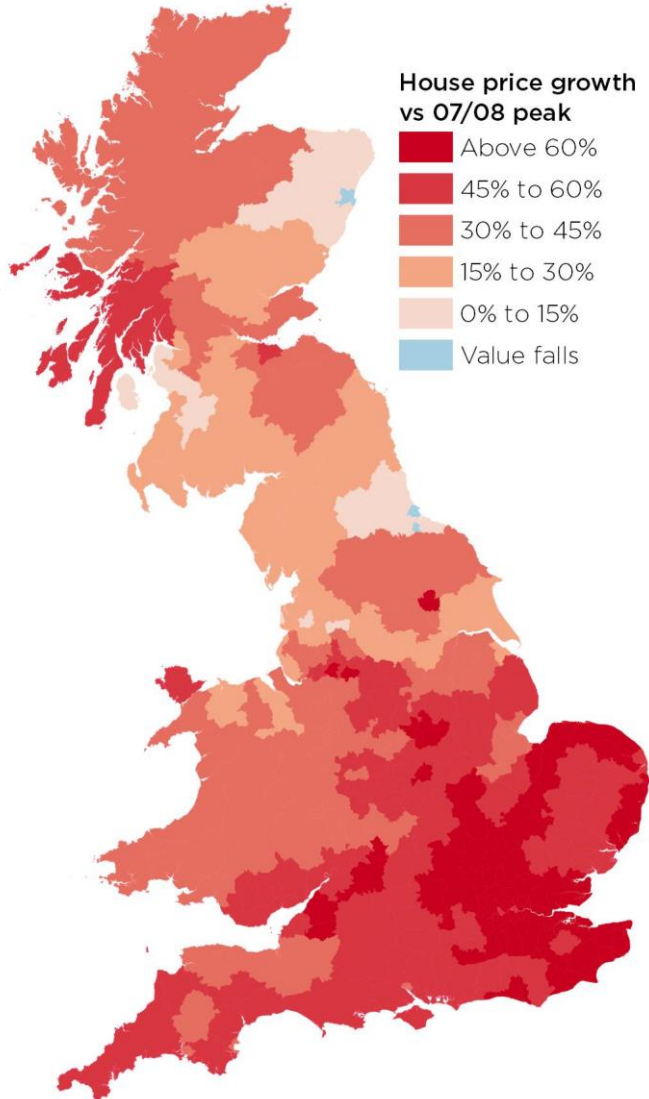
Low numbers of mortgage approvals also indicate reduced demand, with the number of mortgage approvals in June at just 85% of the pre-covid average, according to the Bank of England. This was accompanied by a fall in the number of sales agreed to 87% of their pre-covid average in June from 97% in May, according to TwentyCI.

Continued high mortgage rates are suppressing activity, although we are now likely near the peak in rates. On 3<sup>rd</sup> August the Bank of England (BoE) raised the base rate by 0.25%. Oxford Economics expect the base rate to peak at 5.50% by the end of 2023 as the BoE prioritises combating inflation.

Most lenders have priced in a base rate of this magnitude, and there was little movement in quoted rates following the hike on the 3<sup>rd</sup>. We don't anticipate significant movement unless inflation surprises on the upside, which would force further action from the BoE.

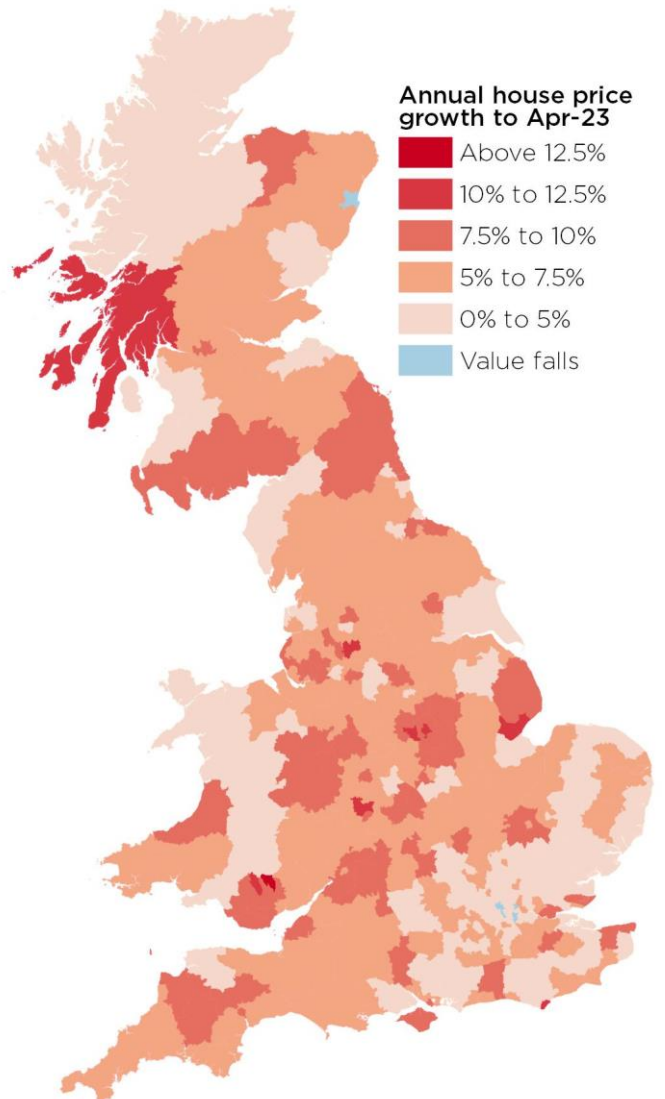
Inflation is trending down at last, falling to 7.9% in June, down from 8.7% in May, according to the ONS. This was a slightly larger drop than many economists had predicted, but it's important to be wary of a single month of data.

**Figure 1** House price growth to Apr-23 since 07/08 peak



Source Savills using HM Land Registry and Registers of Scotland (6 month smoothed)\*

**Figure 2** Annual house price growth to Apr-23



Source Savills using HM Land Registry and Registers of Scotland (6 month smoothed)\*

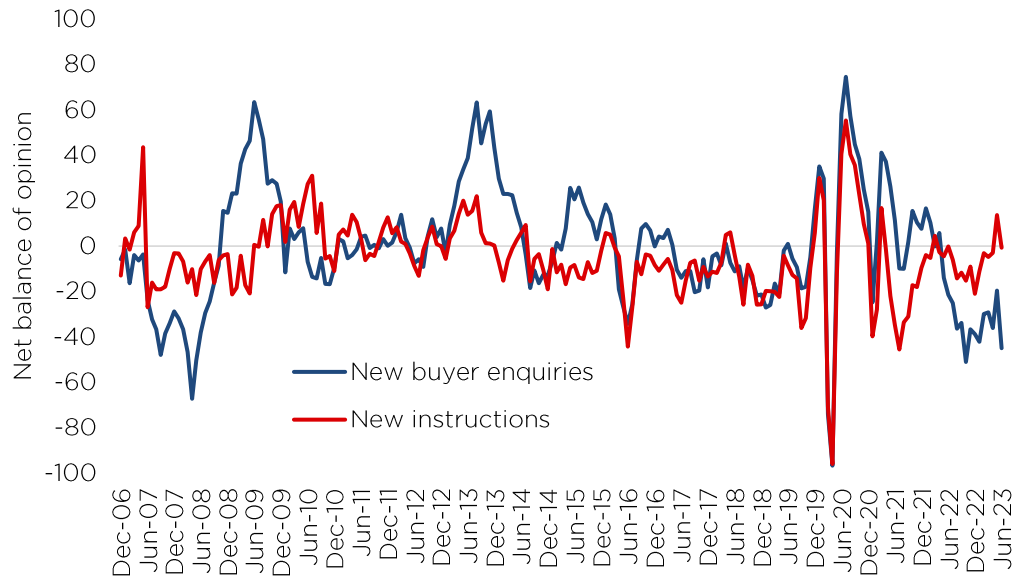


**Figure 3** The imbalance between new supply and new buyer demand has widened

The majority of surveyors returned to reporting decreasing supply, according to the June RICS survey.

The number of surveyors reporting falling demand also increased as the effects of higher mortgage rates become evident. However, they remain above the levels reached in the wake of September's mini-budget.

The widened imbalance between the two will continue to put downward pressure on prices.



Source RICS (seasonally adjusted)

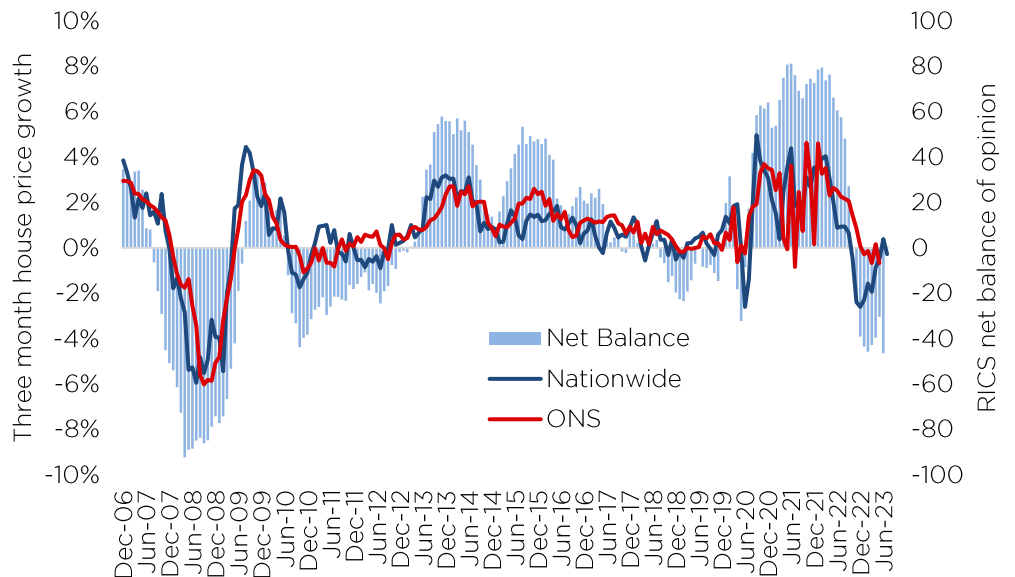
**Figure 4** Sentiment declined as house prices fell

The RICS survey can be a good early indicator of house price movements, which are later picked up by other indices.

The number of surveyors reporting price falls increased, surpassing levels seen in the aftermath of the mini-budget.

On a three-month basis house prices fell by -0.3% in July, according to Nationwide, down from 0.4% growth in June.

House prices also fell according to the more lagged ONS index, down -0.7% in the three months to May.

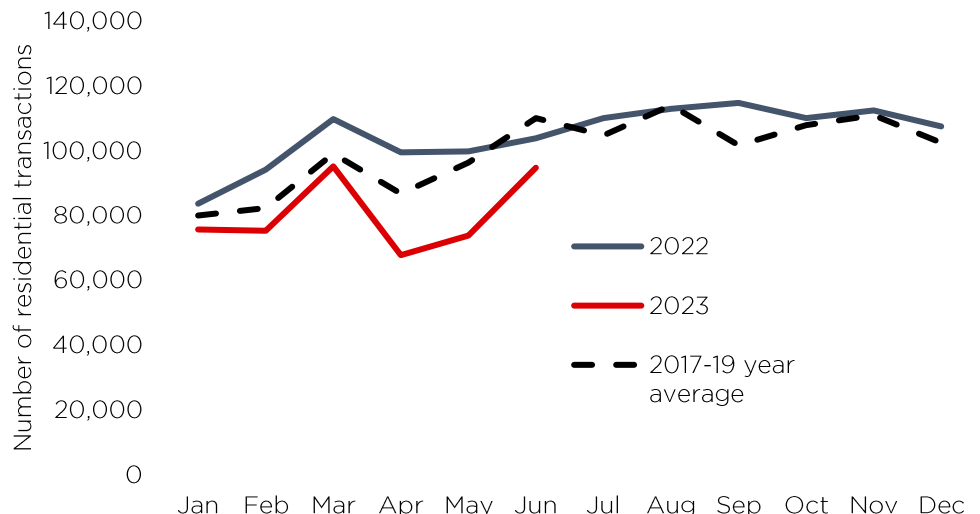


Source RICS, Nationwide, ONS (seasonally adjusted)

**Figure 5** Completed transactions in June remained subdued

94,690 transactions completed in May, according to HMRC. This demonstrated a slight uptick due to the slow recovery in mortgage approvals since January, but still remains -14.0% below pre-Covid levels because of the impact of the overall decreased mortgage approvals in 2023.

This activity also remained below levels seen since the housing market reopened after the pandemic, down -8.8% compared to June 2022.



Source HMRC

Annual rental growth across the UK remained high at 10.4% in June, up 0.1% compared to May. Rental growth accelerated across all regions except Yorks & Humber and Wales on a month-on-month basis. The North West had the biggest growth in June, up 1.2%, according to Zoopla, bringing its post-pandemic growth since March 2020 to 27.9%. This was above the UK average of 23.8%.

Scotland remained the region with highest annual rental growth, at 13.1% in June, as well as the highest quarterly growth of 3.0%. On a quarterly basis only London and the North East had growth below 2%, with the UK average up to 2.2% compared to 1.7% in May. This suggests rental growth has begun to accelerate again.

Figure 6 Annual rental growth to May-23

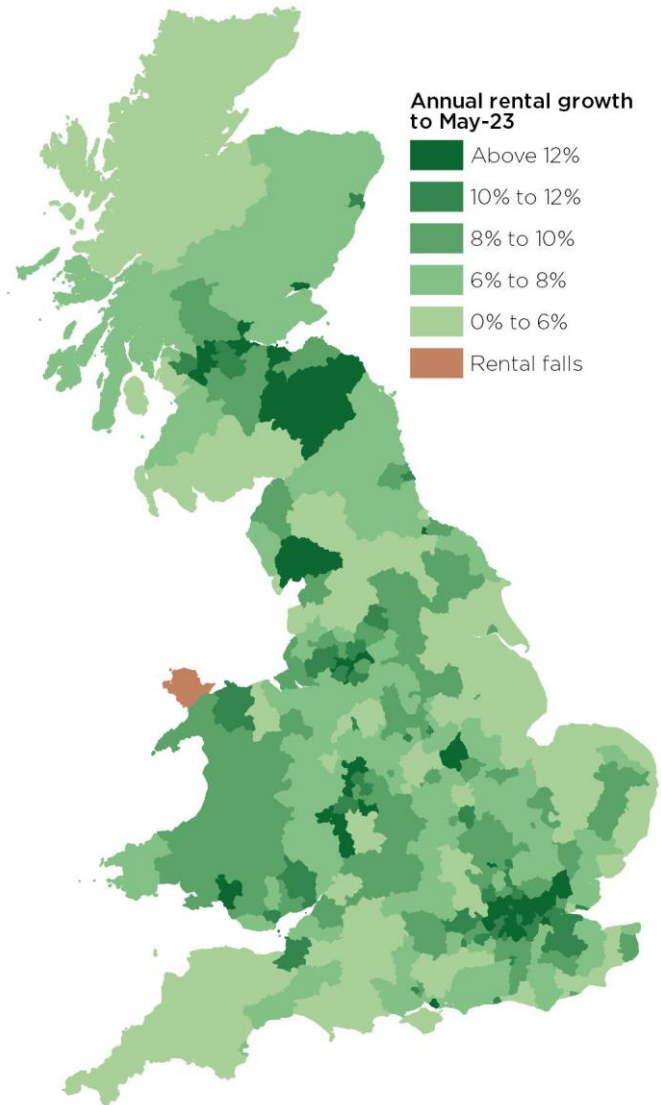


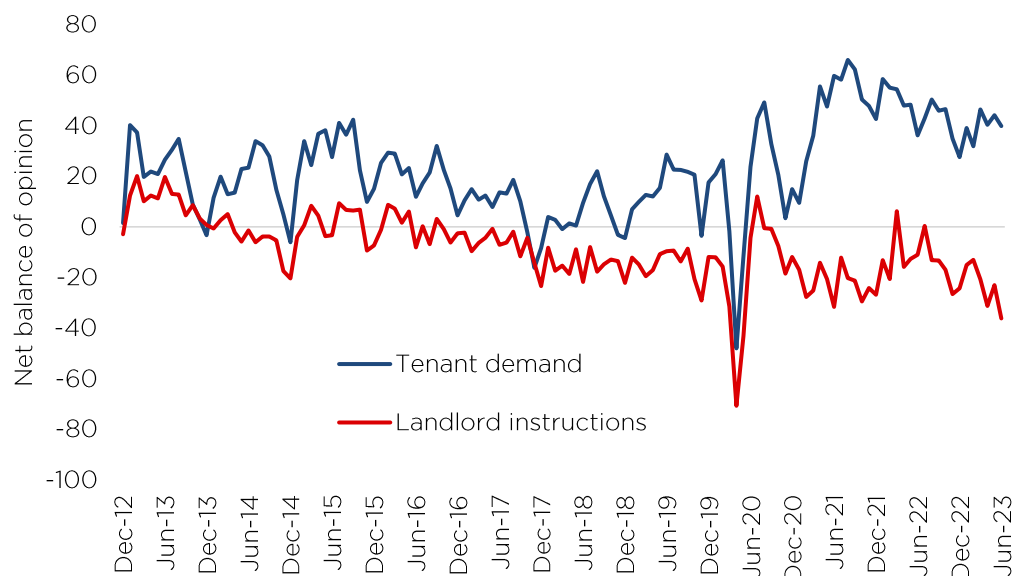
Table 1 Regional rental growth to Jun-23

	m/m	q/q	y/y
UK	0.9%	2.2%	10.4%
London	0.7%	1.6%	12.7%
South East	1.1%	2.8%	9.4%
East of England	0.9%	2.6%	9.3%
South West	1.1%	2.7%	7.7%
East Midlands	1.0%	2.6%	9.3%
West Midlands	1.1%	2.3%	9.6%
North East	0.8%	1.4%	8.9%
Yorks & Humber	0.7%	2.0%	8.3%
North West	1.2%	2.8%	10.9%
Wales	0.9%	2.6%	9.7%
Scotland	1.1%	3.0%	13.1%

Source Zoopla Rental Index powered by Hometrack

Source Zoopla Rental Index powered by Hometrack

Figure 7 Gap between tenant demand and landlord instructions widened



The RICS survey for the lettings market showed the continued mismatch between rental supply and demand that has underpinned rental growth across the UK over the last two years.

The majority of surveyors continued to report higher tenant demand in June while the number reporting falling landlord instructions increased, further widening the gap between supply and demand. This will put continued upward pressure on rents in the coming months.

Source RICS

Table 2 Rental forecasts (published November 2022)

Region	2023	2024	2025	2026	2027	5 years to 2027
UK	6.5%	4.0%	2.0%	2.4%	2.3%	18.3%
London	5.5%	5.0%	2.0%	2.4%	2.3%	18.4%

## UK Housing Market Update

**Table 3** Recent house price growth

	Nationwide (Regions to Q2 2023, UK to July 2023)			ONS (to May 2023)			Savills (to April 2023)		
	m/m	q/q	y/y	m/m	q/q	y/y	m/m	q/q	y/y
<b>UK</b>	-0.2%	-0.3%	-3.8%	-0.4%	-0.5%	2.0%	-0.5%	-1.2%	5.9%
<b>London</b>	-	-1.1%	-4.4%	-0.5%	-0.2%	0.8%	-0.6%	-1.8%	2.9%
<b>South East</b>	-	-0.4%	-3.6%	-0.6%	-0.9%	1.5%	-0.4%	-1.0%	5.6%
<b>East of England</b>	-	-0.5%	-4.8%	-0.9%	-2.8%	0.0%	-0.7%	-1.5%	4.9%
<b>South West</b>	-	-1.2%	-4.0%	-0.1%	-0.5%	1.0%	-0.5%	-1.4%	7.2%
<b>East Midlands</b>	-	0.2%	-1.2%	0.0%	0.0%	3.3%	-0.4%	-1.0%	7.2%
<b>West Midlands</b>	-	-0.5%	-2.0%	0.3%	-2.0%	2.2%	-0.6%	-0.8%	7.0%
<b>North East</b>	-	-0.3%	-3.4%	-0.4%	0.3%	4.1%	-0.4%	-1.0%	6.9%
<b>Yorks &amp; Humber</b>	-	0.0%	-3.2%	-0.6%	-1.5%	1.2%	-0.2%	-0.7%	6.3%
<b>North West</b>	-	-0.6%	-4.1%	-0.1%	0.3%	2.6%	-0.3%	-0.5%	6.8%
<b>Wales</b>	-	0.7%	-1.7%	0.1%	-1.4%	1.7%	-0.7%	-1.2%	6.4%
<b>Scotland</b>	-	1.8%	-1.5%	2.2%	3.4%	3.2%	-0.4%	-1.2%	6.0%

**Source** Savills using HM Land Registry and Registers of Scotland (6 month smoothed)\*, Nationwide (seasonally adjusted), ONS (seasonally adjusted)

**Table 4** Mainstream house price forecasts (published November 2022)

Region	2023	2024	2025	2026	2027	5 years to 2027
<b>UK</b>	-10.0%	1.0%	3.5%	7.0%	5.5%	<b>6.2%</b>
<b>London</b>	-12.5%	-1.0%	2.0%	6.0%	5.0%	<b>-1.7%</b>
<b>South East</b>	-11.0%	0.0%	3.0%	6.5%	5.5%	<b>3.0%</b>
<b>East of England</b>	-11.0%	0.0%	3.0%	6.5%	5.5%	<b>3.0%</b>
<b>South West</b>	-10.0%	1.0%	3.5%	7.0%	5.5%	<b>6.2%</b>
<b>East Midlands</b>	-9.0%	1.5%	4.0%	7.5%	5.5%	<b>8.9%</b>
<b>West Midlands</b>	-9.0%	1.5%	4.0%	7.5%	5.5%	<b>8.9%</b>
<b>North East</b>	-8.5%	2.5%	4.5%	7.5%	6.0%	<b>11.7%</b>
<b>Yorks &amp; Humber</b>	-8.5%	2.5%	4.5%	7.5%	6.0%	<b>11.7%</b>
<b>North West</b>	-8.5%	2.5%	4.5%	7.5%	6.0%	<b>11.7%</b>
<b>Wales</b>	-8.5%	2.0%	4.5%	7.5%	6.0%	<b>11.1%</b>
<b>Scotland</b>	-9.0%	2.0%	4.0%	7.5%	5.5%	<b>9.5%</b>

**Source** Savills

### Savills team

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\*Savills index is an unadjusted repeat sales index based on HM Land Registry and Registers of Scotland price paid data. Note that Savills national index (labelled UK) is for Great Britain, not including Northern Ireland.

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## Appendix 3 – Sample Photographs

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# Photographic Schedule



Dunheved Road West, Thornton Heath



Bowrey Place, Bexhill On Sea



Hawkins Close, Milton Regis



The Nurseries, Bognor Regis



# Photographic Schedule



Hoystings Close, Canterbury



Anerley Hill, Anerley



Highfield Place



Beecham Place, St Leonards On Sea



# Photographic Schedule



Catherine Court



Dickenson Close, Edmonton



Hillside Road, Bexhill On Sea



Parkhurst Road, Sutton



# Photographic Schedule



Sunningdale Drive, St Leonards On Sea



Ecclesbourne Road, Thornton Heath



Linden Drive, Sheerness



Alexandra Drive, Upper Norwood



# Photographic Schedule



Friar Walk, Worthing



Coldharbour Lane, Kemsley



Bridge House, Sheerness



Kenilworth Road, St Leonards On Sea



# Photographic Schedule



Barkworth Road, Rotherhithe



Eversfield Place, St Leonards On Sea



Hoystings Close, Canterbury



Hastings Court, Parkhurst Road, Sutton



# Photographic Schedule



Greenwich High Street, Greenwich



East Hill Court, Worthing



Servite House, Greenwich



Upper North Street, Poplar



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## 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 HM Revenue & Customs' published practice relating to certain aspects of United Kingdom taxation as at the date of this Prospectus. References to "interest" refer to interest as that term is understood for United Kingdom tax purposes. 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 may be subject to tax in a jurisdiction other than the United Kingdom.

This is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the Bonds and it is not intended to be, nor should it be considered to be, legal or tax advice. Not all of the following paragraphs may apply in respect of New Retained Bonds. Prospective Bondholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

### 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 **ITA 2007**). 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.

In other cases, an amount must generally be withheld from payments of interest on the Bonds that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to any other available exemptions and reliefs. 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, HM Revenue & Customs (**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).

#### 2 Further United Kingdom Income Tax Issues

Interest on the Bonds that constitutes United Kingdom source income for tax purposes may, as such, 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.

### **United Kingdom Corporation Tax Payers**

- 3 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.

### **Other United Kingdom Tax Payers**

#### **4 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 ITA 2007 if that Bondholder is 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.

#### **5 Stamp Duty and Stamp Duty Reserve Tax**

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue of the Bonds or on a transfer by delivery of the Bonds.

### **The Proposed Financial Transactions Tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 (as amended or superseded) are expected to be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the Commission's Proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States of the European Union may decide to participate.

It is not clear how the FTT would apply to the UK notwithstanding the UK's withdrawal from the European Union.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

## GENERAL INFORMATION

### Authorisation

The issue of the New Bonds has been approved by a resolution of the Board of Directors of the Issuer dated 10 July 2023.

### Listing of the Bonds

It is expected that the official listing of the New Bonds will be granted on or about 11 September 2023 subject only to the issue of the Temporary Global Bond. Application has been made to the FCA for the New 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 main market.

The Issuer estimates that the total expenses related to the admission to trading will be £8,550. The Borrower shall pay to the Issuer, *inter alia*, an amount equal to such expenses in accordance with Clause 6 (*Expenses*) of the Second Supplemental Loan Agreement.

### Documents Available

For the period of 12 months following the date of this Prospectus, the following documents will be available for inspection on the Issuer's website at <https://www.shgroup.org.uk/investors/>:

- (a) the constitutional documents of the Issuer and the Borrower;
- (b) the Bond Trust Deed and the Security Trust Deed;
- (c) the Valuation Reports;
- (d) the Issuer Financial Statements (the Issuer currently prepares audited accounts on an annual basis);
- (e) the Borrower Financial Statements; and
- (f) the most recently published audited annual financial statements (if any) of the Issuer and the Borrower and the most recently published unaudited interim financial statements (if any) of the Issuer and the Borrower, in each case, together with any audit or review reports prepared in connection therewith.

In addition, 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 Agency Agreement, the Account Agreement, the Custody Agreement, the Retained Bond Custody Agreement, the Loan Agreement and the Fixed Charges;
- (b) a copy of this Prospectus; and
- (c) any future offering circulars, prospectuses and information memoranda and supplements to this Prospectus and any other documents incorporated therein by reference.

### Clearing Systems

The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg.

The address of Euroclear is Euroclear Bank SA/NV, 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.

### **Identification Codes**

The LEI of the Issuer is 213800DU46CL9M2ZRN02.

The LEI of the Borrower is 213800XJQUYGOARTZX86.

The temporary ISIN for the New Bonds (which will apply for so long as the New Bonds are represented by the Temporary Global Bond) is XS2678310926. Upon exchange of the interests in the Temporary Global Bond for interests in the Permanent Global Bond, the ISIN for the New Bonds will be XS0755862058.

The temporary Common Code for the New Bonds (which will apply for so long as the New Bonds are represented by the Temporary Global Bond) is 267831092. Upon exchange of the interests in the Temporary Global Bond for interests in the Permanent Global Bond, the Common Code for the New Bonds will be 075586205.

The CFI for the New Bonds is DBFNFB or as set out on the website of the Association of National Number Agencies (**ANNA**).

The FISN for the New Bonds is OPTIVO FINANCE/5.25 BD 20430313 SR or as set out on the website of the ANNA.

### **Characteristics of underlying assets**

The Loan Agreement has characteristics that demonstrate capacity to produce funds to service any 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 31 March 2023.

There has been no material adverse change in the prospects of the Borrower since 31 March 2023.

There has been no significant change in the financial performance or financial position of the Group since 31 March 2023.

### **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) in the 12 months preceding the date of this Prospectus which may have or have had in the recent past, a significant effect on the Issuer's financial position or profitability.

The 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 Borrower is aware) in the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the Borrower's or the Group's financial position or profitability.

## **Auditors**

The auditors of the Issuer and the Borrower are BDO LLP of 55 Baker Street, London W1U 7EU. BDO LLP has audited the Issuer's and the Borrower's (including each of its predecessor's) accounts, without qualification, in accordance with generally accepted accounting standards in the United Kingdom for each of the two financial years ended on 31 March 2022 and 31 March 2023. BDO LLP has no material interest in the Issuer or the Borrower.

## **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 (and available from the Issuer at the request of any Bondholder) pursuant to Condition 6.2 (*Information Covenants*).

## **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.

## **Yield**

Indication of the yield on the New Initial Retained Bonds: 6.192 per cent. (semi-annual). The yield is calculated at the sale date of the New Initial Retained Bonds on the basis of the sale price of the New Initial Retained Bonds. It is not an indication of future yield.

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