



OPTIVO FINANCE PLC

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

£150,000,000 5.25 per cent. Secured Bonds due 2043

(to be consolidated and form a single series with the existing £150,000,000 5.25 per cent. Secured Bonds due 2043)

Issue Price: 150.70 per cent

The £150,000,000 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 £150,000,000 5.25 per cent. Secured Bonds due 2043 (the **Original Bonds** and, together with the New Bonds, the **Bonds**) issued by the Issuer on 13 March 2012.

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 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 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 including, in respect of £100,000,000 in principal amount thereof, to purchasers pursuant to the Forward Purchase Agreements (as defined in "Subscription and Sale" below).

Subject as set out below, the net proceeds of the sale of the New Bonds to a third party, including to such purchasers, will be advanced by the Issuer to Optivo (formerly 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 to be dated the New Bond Issue Date (the **Supplemental 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 March 2022, 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", and it is expected that the New Bonds will also be rated "A3", by Moody's Investors Service Limited (**Moody's**). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. As of the date of this Prospectus, Moody's 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, Moody's 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 Moody's is not 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 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. As such, Moody's Deutschland GmbH 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 11 March 2022 (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 bond representing the Original Bonds, the **Global Bonds**), without interest coupons, on or after 20 April 2022 (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 9 March 2022.

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 it 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 Jones Lang LaSalle Limited (*JLL*) in the section entitled "*Valuation Commentary*" were obtained from The Statistical Data Return (*SDR*), the Valuation Office Agency (*VOA*), the Office of National Statistics (*ONS*), HM Land Registry and the Regulator of Social Housing. 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 SDR, VOA, ONS, HM Land Registry and the Regulator of Social Housing, no facts have been omitted which would render the reproduced figures inaccurate or misleading.

The figures referred to in the Valuation Reports prepared by Savills Advisory Services Limited (*Savills*) and, together with *JLL*, the *Valuers*) in the sections entitled "*Market Commentary*" and "*Valuation Advice*" and in Appendix 3 to each such Valuation Report entitled "*UK Housing Market Update*" were obtained from Nationwide, the Royal Institution of Chartered Surveyors (*RICS*), TwentyCI, ONS, the HomeLet Rental Index, HMLR, Social Housing, the US. General Services Administration (*GSA*), the Bank of England, UK Finance, Registers of Scotland, Zoopla and HM Revenue and Customs (*HMRC*). The Issuer confirms that such figures have been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain from information published by Nationwide, RICS, TwentyCI, ONS, the HomeLet Rental Index, HMLR, Social Housing, GSA, the Bank of England, UK Finance, Registers of Scotland, Zoopla and HMRC, no facts have been omitted which would render the reproduced figures inaccurate or misleading.

Each Valuer accepts responsibility for the information contained in the section headed "*Valuation Reports*" relating to the Valuation Report(s) prepared by it. Having taken all

reasonable care to ensure that such is the case, the information contained in the section headed "*Valuation Reports*" relating to the Valuation Report(s) prepared by each Valuer is, to the best of such 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 Reports*", neither Valuer accepts any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the issue of the 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 or (ii) the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of the Bonds or any Transaction Document. 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 or (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. 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. 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 (see "*Subscription and Sale*").

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 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 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 PRIPs 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.

Issuer:	Optivo Finance plc Legal Entity Identifier (LEI): 213800DU46CL9M2ZRN02
Description of the New Bonds:	<p>£150,000,000 5.25 per cent. Secured Bonds due 2043 (the New Bonds) to be issued by the Issuer on 11 March 2022 (the New Bond Issue Date) to be consolidated and form a single series with the £150,000,000 5.25 per cent. Secured Bonds due 2043) (the Original Bonds and, together with the New Bonds, the Bonds)).</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 New Retained Bonds) and will be sold to investors at a later date including, in respect of £100,000,000 in principal amount thereof, pursuant to the Forward Purchase Agreements (as described in "<i>Subscription and Sale</i>" below).</p>
Status of New Bonds	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 Original Bonds.
Use of Proceeds:	<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>
Issue Price:	150.70 per cent.

Form of Bonds:	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:	<p>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 March 2022 to (but excluding) 13 March 2043 (the Maturity Date), subject to adjustment in accordance with Condition 8.5 (<i>Payment Day</i>) (each, an Interest Payment Date).</p> <p>For so long as the New Bonds are New Retained Bonds payment of interest thereon will be subject to the payment waiver described in "<i>Retained Bonds</i>" below.</p>
Final Redemption:	Unless previously redeemed or purchased and cancelled in accordance with Condition 9 (<i>Redemption and Purchase</i>), the Bonds will be redeemed at their principal amount on the Maturity Date.
Early Redemption:	<p>Subject as described in "<i>Mandatory Early Redemption</i>" 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:</p> <ul style="list-style-type: none"> (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., <p>together with accrued interest.</p>
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 (<i>No obligation to pay additional amounts</i>) 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*).

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 depositary 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 (as defined in the Fixed Charges); 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 Allocated Properties Schedule 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 Allocated Properties 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 Allocated Properties Schedule 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 Allocated Properties 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 Allocated Properties. 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.

A15.4.7

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 the market generally.

See "*Risk Factors*" below.

Rating:

The Bonds are rated "A3" by Moody's. As of the date of this Prospectus, Moody's is established in the United Kingdom and is registered under the UK CRA Regulation. As such, Moody's 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, Moody's is not 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 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:

Optivo

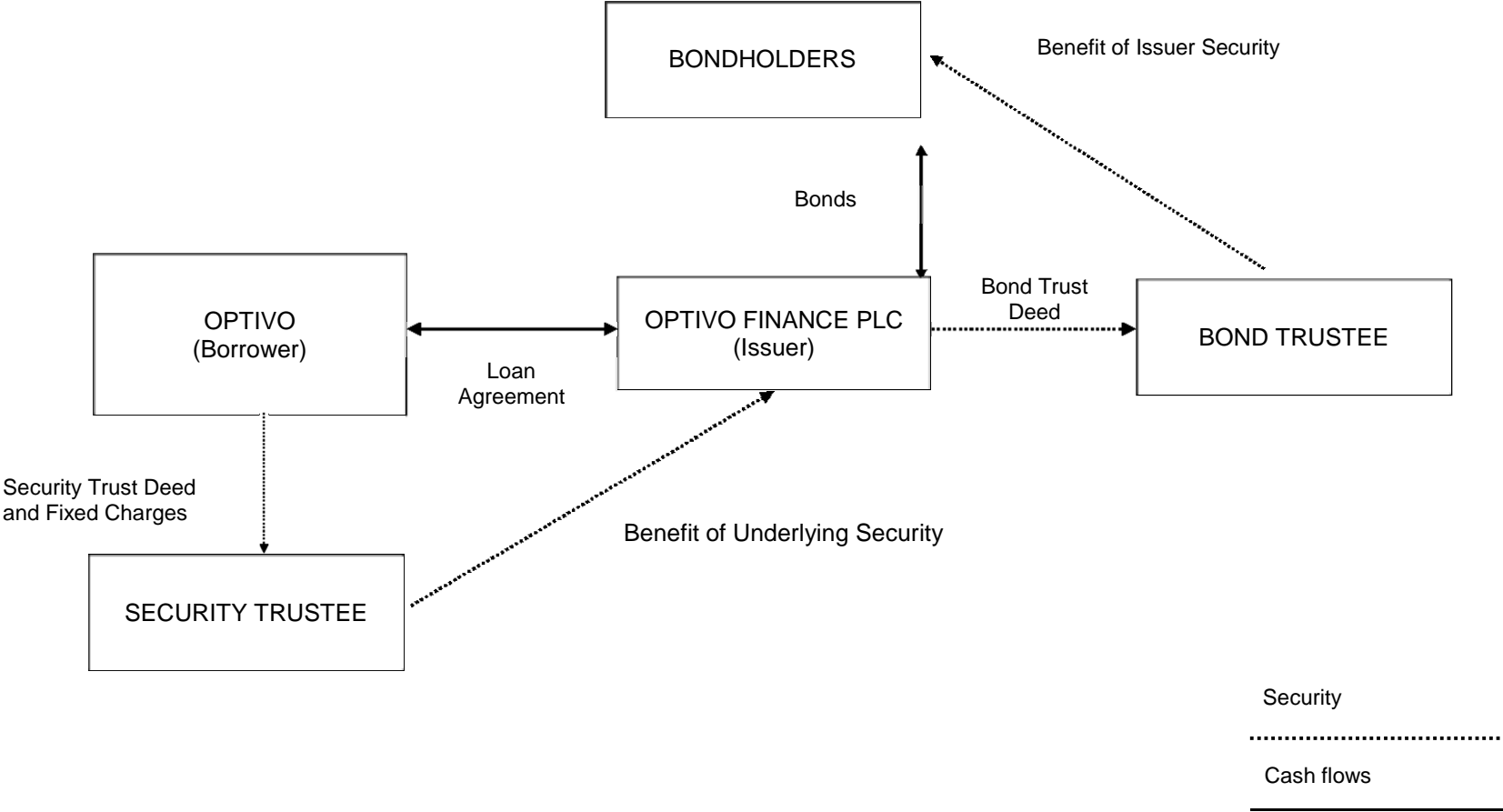
Selling Restrictions:

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, see "*Subscription and Sale*".

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 were faced with material property cost increases which it could not effectively fund or which materially reduced the value of its housing assets, or faced with 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.

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 reviewed its risk of fire in high rise buildings. At 31 March 2021 the Borrower had 100 high rise blocks of which 34 are over 18 metres, 66 are under 18 metres. Of the 34 blocks over 18 metres the Borrower is responsible for fire safety at 19 blocks. The Borrower also had and 3,457 blocks under 18 metres classified as follows:

	<u>FRA Frequency</u>	<u>Risk</u>	<u>Blocks</u>
Level 1	Every year	High	454
Level 2	Every 2 years	Medium	1,158
Level 3 & 5	Every 3 years or not required	Low	1,845
			<u>3,457</u>

In 2017, the Borrower identified four buildings with aluminium composite material (**ACM**) external wall cladding of a similar type installed at Grenfell Tower, and this cladding was removed by 31 March 2018. The Government has launched a Building Safety Programme with implications for owners of multi-occupied multi-storey residential buildings. This has included the 2018 Independent Review of Building Regulations and Fire Safety by Dame Judith Hackitt, the Fire Safety Act 2021 and the 2020 Building Safety Bill.

As at 31 March 2021, the Borrower has completed 696 surveys and 2,976 desktop reviews, which indicate remedial works are required at 181 blocks, whilst 37 blocks require interim measures.

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.

Energy Efficiency: 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 2021 the Borrower owned or managed 10,331 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. Should actual costs prove higher than estimates, the Borrower's costs may rise beyond current plan assumptions.

The Borrower is working with the Government and others to understand more clearly the 2050 target requirements and the Government funding available to support required works. As these become clearer the Borrower's costs of achieving the requirements may rise beyond the levels currently covered in its long-term financial plan assumptions.

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 is set to come into effect in England in 2025. Interim requirements, by way of amendments to the building regulations for both domestic and non-domestic buildings, will come 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.

Decent Homes Standard: Since 2001 Government's Decent Homes Standard has set the minimum quality social homes should be. In 2006 Government updated "A Decent Home: Definition and guidance for implementation" which set out the expectation social housing providers meet it by 2010. At 31 March 2021, 99.92 per cent. of the Borrower's homes met the 2006 guidance.

In 2020 Government published "The charter for social housing residents: social housing white paper" including a commitment to review the Decent Homes Standard and consider if it should be updated, including how it can better support the decarbonisation and energy efficiency of social homes, and improve communal and green spaces. If potential new requirements emerge from such a future review that are not already covered in the Borrower's plan, then the Borrower's costs may rise which 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.

Demand: 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 it chooses to build and own, the price point at which it offers them for rent or home ownership, as well as the standard to which it develops and maintains them, could also affect demand. A reduction in 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.

Disruption of Housing Stock Availability: 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.

2. *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 a limited exposure to housing market downturn risk. The Borrower's social housing letting turnover for the financial year ended 2020/21 represented 85 per cent. of its combined turnover.

But 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 it 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 rents to index at CPI+1% for five years from the 2020/21 financial year;
- (b) 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;
- (c) 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
- (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.

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.

3. *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 72 per cent. of general needs and independent living rent is backed by some form of state benefits. Of this, the Borrower has nearly 9,796 known claimants through the Universal Credit system, of whom 2,734 have been new cases in the 12 months to 31 March 2021. The Borrower has experienced an increase in rent arrears in respect of its residents as they move onto the Universal Credit system. As at 31 March 2021, the Borrower's rent arrears were at 4.1 per cent. Accounts where there is a Universal Credit claimant made up 57 per cent. of the overall debt, and occupied 27 per cent. of the Borrower's General Needs and Housing for Older People properties.

The further roll out of Universal Credit is likely to increase transaction costs and the receipt of rental payments by the Borrower, as landlords may be delayed by the failure of tenants to apply for Universal Credit and/or regularly pay rent which is due in addition to the housing benefit and/or pass on the housing benefit payments to the landlord. In such circumstances, non-payment, partial payment or any delay in

payment of rent could increase rental income 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 2021 the Borrower's void losses were 1.1 per cent. of its maximum chargeable rent.

See further "*Universal Credit*" in the section headed "*Description of the Sector*".

4. Cost Risk

Against turnover of £316,864,000 in its financial year ended 31 March 2021, the Borrower's operating costs were £217,973,000. 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 & 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 Borrower's ability to meet its payment obligations on a timely basis under the Loan Agreement.

5. Contractor Risk

The Borrower depends on an extensive network of contracted parties. The Borrower's ability to meet its obligations is in part a function of the capacity and capability of these contractors. 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.

6. 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 due at a later date. Delay also represents a liquidity risk, as anticipated sales and rental income from the completed asset are also due later. 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.

7. 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 2021, the income on sale by the Borrower of these assets was £31,274,000 compared to total turnover for the year of £316,864,000. 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.

8. 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. At 31 March 2021 the Borrower has 4,360 shared ownership properties.

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.

9. 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.

10. 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 introduced a new category of social housing rent which allows Registered Providers of Social Housing 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 2021, there were 3,998 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 2021 the Borrower owned and managed a portfolio of 1,172 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.

11. Legal, Regulatory and Health and Safety Compliance Risk

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.

On 17 November, 2020 the Government published "The Charter for Social Housing Residents: Social Housing White Paper" (the **White Paper**) as a result of its 2018-20 review of social housing regulation. The charter sets out what social housing residents should expect from their social landlords and it signals the strengthening of consumer regulation powers exercised by the Regulator of Social Housing. This document sets out wide-ranging proposals to transform and strengthen the regulatory regime to ensure it holds all Registered Providers to account for the services they deliver, drives good service for tenants and protects economic regulation.

The measures are likely to include increased legislative obligations on the Borrower in relation to health and safety 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*" section in this Prospectus for further details of the measures.

Legislation that aims to bring into law proposals put forward in the White Paper may be put before parliament in March 2022.

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 of Social Housing's enforcement powers to tackle failing Registered Providers. This will include removing the cap on the level of fines the Regulator of Social Housing may charge. Any such intervention by the Regulator in respect of a Borrower may affect the ability of such Borrower to meet its payment obligations under its 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.

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.

B. Risks relating to the Borrower's Financial Situation

1. 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.

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 may be 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.

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, which in turn issues long term debt in the public capital markets for the sole purpose of on-lending the net proceeds of bond issuance to the Borrower. The Borrower's and 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 its credit rating which could increase the cost of accessing the public and private debt markets. If the Issuer was 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 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.

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. 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.

5. Insurance Risk

The Borrower insures its business and assets against such risks and to such extent as is usual for Registered Providers of Social Housing. 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 Social Housing 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. **Defined Benefit Pensions Risk**

The Borrower participates in the following defined benefit pension schemes:

- the Social Housing Pension Scheme administered by TPT Retirement Solutions (**SHPS**);
- Horizon Housing Group Pension Scheme (**HHGPS**);
- the East Sussex County Council Pension Fund (**ESPF**);
- the Kent County Council Scheme (**KPF**); and
- the London Borough of Barnet Pension Fund (**BPF**).

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

SHPS: SHPS is a multi-employer, multi benefit, last man standing scheme. The Borrower participates in both the defined benefit and defined contribution structures within SHPS. The last valuation of the defined benefit scheme was as at 30 September 2017. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,522 million. SHPS has recovery plans in place to pay for the past service deficit associated with accrued defined benefit. As at 31 March 2019, the present value of the Borrower's deficit funding arrangement, recognised as a liability on the Borrower's Statement of Financial Position, was £24,327,000. The Borrower has completed negotiations with TPT to complete a bulk transfer out of SHPS, into a new sole employer scheme within TPT's administration. This means that the Borrower is no longer exposed to the risk of orphan debts within SHPS.

HHGPS: The HHGPS is a scheme specific to current and former employees of the Borrower. As at 31 March 2019, the deficit of the Borrower in the HHGPS was assessed to be £18,391,000 on an FRS102 basis.

LGPS: The LGPS is a public sector pension scheme independently administered locally through various regional pension funds and is also a multi-employer scheme. The LGPS is a defined benefit scheme which is currently based on average earnings over a member's career. ESPF, KPF, BPF and EPF are all LGPS schemes.

ESPF: As at 31 March 2019, the deficit of the Borrower in the ESPF was assessed to be £4,663,000 on an FRS102 basis.

KPF: As at 31 March 2019, the deficit of the Borrower in the KPF was assessed to be £4,973,000 on an FRS102 basis.

BPF: As at 31 March 2019, the deficit of the Borrower in the BPF was assessed to be £141,000 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 (which could include SHPS), 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 (i) to prevent the recovery of the whole or any part of a debt which was, or might become, due from the employer under Section 75 of the Pensions Act 1995; (ii) to prevent such a debt becoming due, to compromise or otherwise settle such a debt, or to reduce the amount of such a debt which would otherwise become due; or (iii) where the effect (regardless of intention) of the act was to materially weaken the respective pension scheme by detrimentally affecting in a material way the likelihood of accrued scheme benefits being received by or in respect of members unless the Pensions Regulator is satisfied the Borrower has a statutory defence. A contribution notice can only be served where the Pensions Regulator considers it is reasonable to do so.

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

If a contribution notice or financial support direction was to be served on the Borrower, this could have an adverse impact on its cash flow. Specifically, if the amount payable under a contribution notice or support direction was material, this could adversely affect the Borrower's ability to meet 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.

7. *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.

C. *Risks relating to the Borrower's operating environment*

1. *COVID-19*

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.

If a pandemic health crisis and related economic recovery period is prolonged beyond a level that UK government support measures are able effectively to counter, then the Borrower's profits may decline. Potential causes are as follows:

- Rental income receipts may be lower. This may arise if residents are unable to maintain their own household budgets to meet rent obligations. This, in turn, may result in higher arrears and potentially higher bad debts for the Borrower.
- The number of Borrower's unlet void properties may rise, including student accommodation due to a shift towards remote learning, as well as across the independent living portfolio due to the age profile of this group of residents, and possibly across general needs social housing properties.
- Property sales income from current asset sales (first tranche sales of shared ownership properties) and fixed asset sales (staircasing of shared ownership properties and asset management disposals) may take longer to realise and sales values may fall.
- Operating costs may rise due to a need to pay more to secure supplies, as well as the risk of contractors facing financial hardship.
- Existing development schemes that are in progress may take longer to complete, delaying handover of new sites and receipt of income. Delays would also reduce incremental debt requirements.

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. Withdrawal of the UK from the European Union

The UK's current relationship with the EU in respect of trade, nuclear operations, and security cooperation is governed by the European Union (Future Relationship) Act 2020 (**EUFRA 2020**), which received Royal Assent on 30 December 2020. As at the date of this Prospectus, it is too early to determine the consequences (if any) of the EUFRA 2020 on the Borrower's business and whether these 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 and/or the market value and/or the liquidity of the Bonds in the secondary market.

3. Internal Control Risk

Permitted Reorganisations: The Borrower, itself the product of the 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 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.

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.

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.

Business Interruption: The Borrower relies upon internet-based communication to undertake the majority of its financial transactions and banking services. It 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.

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 relevant 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 their 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 is 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 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 Issuer's obligations under the Bonds.

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. This rating may not reflect the potential impact of all risks related to the structure, market and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the assigning rating agency at any time.

As at the date of this Prospectus, Moody's is established in the UK and is registered under the UK CRA Regulation. As such, Moody's 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, Moody's is not 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 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 and/or Moody's Deutschland GmbH 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 £150,000,000 5.25 per cent. Secured Bonds due 2043 (the **New Bonds** and together with the Original 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 Supplemental Bond Trust Deed (as modified and/or supplemented and/or restated from time to time, the **Supplemental Bond Trust Deed**) dated 11 March 2022 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 Supplemental Bond Trust Deed is supplemental to the Bond Trust Deed dated 13 March 2012 (as modified and/or supplemented and/or restated from time to time, the **Original Bond Trust Deed** and, together with the Supplemental Bond Trust Deed, the **Bond Trust Deed**) between the same parties constituting the £150,000,000 5.25 per cent. Secured Bonds due 2043 (the **Original Bonds**) issued by the Issuer on 13 March 2012. The New Bonds are consolidated and form a single series, and rank *pari passu*, with the Original 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, (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 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 Optivo, 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 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 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;

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 11 March 2022;

New Retained Bonds means the £150,000,000 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 as further amended and/or supplemented and/or restated from time to time;

Retained Bonds means the Original 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);

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 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 September 2021 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 March 2022.

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 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 intended upon issue to be deposited with The Bank of New York Mellon, London Branch as common safekeeper and, although the New Bonds are issued in NGN form, this does not necessarily mean that the New Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

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 bond representing the Original 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 Original 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 Agreements (as defined below) will be £150,700,000. 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 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 £150,000,000 (the **Original Commitment**); and
- (b) shall commit to make a further loan to the Borrower in the principal amount of £150,000,000 (the **New Commitment** and, together with Original 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 March 2022, provided that, in respect of the Interest Payment Date immediately following the New Initial Retained Bond Sale Date, the amount of interest payable on the New Loan shall be reduced by an amount equal to the product of:

- (a) the Retained Accrued Interest and any interest received by the Lender in respect of the Retained Accrued Interest from the Account Bank pursuant to the Account Agreement; multiplied by
- (b) the Advanced Percentage.

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.

In respect of the Interest Payment Date immediately following New Initial Retained Bond Sale Date, the Commitment Amount shall be reduced by an amount equal to the product of:

- (a) the Retained Accrued Interest and any interest received by the Lender in respect of the Retained Accrued Interest from the Account Bank pursuant to the Account Agreement; multiplied by
- (b) the Retained Percentage.

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 Allocated Properties;
- (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 Allocated Properties Schedule 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 Allocated Properties 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 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.

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 Allocated Properties Schedule 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 Allocated Properties 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 Allocated Properties.

Statutory Disposals

The Borrower shall have the right to withdraw Property from the Issuer's Allocated Properties 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 1 Part A 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 first Valuation Report was delivered within 60 days of 31 March 2017.

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 150.70 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;

Advanced Percentage means the principal amount of the New Commitment which is to be funded by the sale of the New Initial Retained Bonds and which has been drawn by the Borrower pursuant to the Loan Agreement expressed as a percentage of the New Commitment which is to be funded by the sale of the New Initial Retained Bonds (ignoring, for these purposes, any difference between the principal amount of a drawing of the New Loan and the relevant Actual Advance Amount);

Allocated Properties 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; 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 Allocated Properties 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 30 March 2022;

New Initial Retained Bonds means £100,000,000 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 Accrued Interest means an amount equal to 17 days' accrued interest (at a rate of 5.25 per cent. per annum) which is payable by the Lender under the New Initial Retained Bonds in respect of the period from and including 13 March 2022 to but excluding the New Initial Retained Bond Sale Date;

Retained Percentage means the principal amount of the New Commitment which is to be funded by the sale of the New Initial Retained Bonds and which has not been drawn by the Borrower pursuant to the Loan Agreement expressed as a percentage of the New Commitment which is to be funded by the sale of the New Initial Retained Bonds (ignoring, for these purposes, any difference between the principal amount of a drawing of the New Loan and the relevant Actual Advance Amount);

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, the Borrower charges 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 Liabilities 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.

Assignment

Pursuant to each Fixed Charge, the Borrower assigns and agrees 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 Liabilities, 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 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);
- (b) 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);
- (c) all agreements, contracts, deeds, licences, undertakings, guarantees, covenants, warranties, representations and other documents (including all documents entered into now or in the future so as to enable 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;
- (d) 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;
- (e) 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;
- (f) all guarantees, warranties, bonds and representations given or made now or hereafter by, and any rights or remedies against, all or any of the designers, builders, contractors, surveyors, valuers, professional advisers, sub-contractors, manufacturers, suppliers and installers of any Fixtures in respect of the relevant Real Property; and
- (g) 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.

Following the occurrence of an Enforcement Event which is continuing unremedied or unwaived, the Borrower shall deliver to the Security Trustee (or procure delivery of) a Notice of Assignment 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 and in each case shall use all reasonable endeavours to procure that each such Notice of Assignment is acknowledged by the obligor or debtor specified by the Security Trustee (substantially in the form attached to such Notice of Assignment).

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 Allocated Properties in respect of the Loan Agreement. All properties which are not Allocated Properties shall form the Unallocated Properties.

Additional Security

Pursuant to Clause 5.1 (*Charged Properties Documents*) of the Security Trust Deed, on each occasion on which the Borrower is to enter into any Fixed Charge, the Borrower shall have previously delivered to the Security Trustee (in form and substance satisfactory to the Issuer (who shall confirm its satisfaction to the Security Trustee) and the Security Trustee (in its absolute discretion)) all the documentation relating thereto as set out therein. The Security Trustee shall owe no duty of care to the Issuer in connection with the form or substance of any such document.

Release and Reallocation of Security

Pursuant to the terms of the Security Trust Deed, the Borrower and the Issuer may agree to amend the Issuer's Allocated Properties by either removing Allocated Properties or by allocating any Unallocated Properties as the Issuer's Allocated Properties by, *inter alia*, delivering an amended Allocated Properties Schedule signed by the Borrower and the Issuer to the Security Trustee.

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 from each pool of Allocated Properties and related Security Assets and any Affected Portion of the Unallocated Properties allocated to the Relevant Beneficiary, and all money derived therefrom in the following order:
 - (i) first, in or towards payment of all Trustee Costs, provided that:
 - (A) where those Trustee Costs are directly attributable to the enforcement of the Rights over that pool of Allocated Properties, such Proceeds shall be applied in an amount equal to the amount specified in a certificate of the Security Trustee, receiver, attorney or agent; or
 - (B) where those Trustee Costs are not attributable in that way but are related to the Relevant Documents or the Security Assets as a whole, such Proceeds shall be applied in an amount in relation to each pool of Allocated Properties equivalent to the Relevant Proportion of all such costs, charges, expenses and liabilities; and
 - (ii) second, in relation to the Relevant Liabilities of the Borrower to a Beneficiary in respect of which, at the relevant time, that pool of Allocated Properties is allocated, to be applied in payment to the relevant Beneficiary to apply in accordance with the provisions of such Relevant Document; and
- (b) all Proceeds from (i) any Allocated Properties to the extent that the Relevant Liabilities of the Relevant Beneficiary have been paid in full or satisfied and (ii) from the Unallocated Properties (if any), other than any Affected Portion and all money derived therefrom in the following order:
 - (i) first, to the extent not recovered under paragraph (i) of (a) above, in or towards payment pro rata of all Trustee Costs; and
 - (ii) second, to the extent not recovered under paragraph (ii) of (a) above, in or towards payment pro rata of any Relevant Liabilities owed to any Beneficiary.

In addition to other discretions and duties provided in the Security Trust Deed, the Security Trustee shall:

- (a) as soon as reasonably practicable, send to the Issuer details of each communication received by it from the Borrower under the Security Trust Deed or any of the Security Documents or the Ancillary Documents in relation to any Property that is part of the Issuer's Allocated Properties

provided that the Security Trustee shall not be obliged to report more frequently than quarterly in relation to changes to the Security Register and matters required to be recorded on the Security Register;

- (b) as soon as reasonably practicable, promptly inform the Issuer of any matter of which it (in its capacity as Security Trustee) or any of its agents (acting in that capacity) becomes aware which affects the Allocated Properties of the Issuer (including without limitation any disposal or Security Interest affecting or attaching to the Issuer's Allocated Properties by operation of law and/or notified by the Land Registry); and
- (c) save as otherwise expressly provided in the Security Trust Deed or any of the Security Documents or the Ancillary Documents, in granting any consent or waiver or exercising any power, trust, authority or discretion hereby vested in it, act as it, in its absolute discretion, shall think fit, in which case it shall be in no way responsible for any loss, costs, damages or expenses which may result from the exercise or non exercise thereof save in the case of breach of trust caused by its own gross negligence, wilful default or fraud.

Enforcement of Security

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).

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 One Canada Square, London E14 5AL, 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 One Canada Square, London E14 5AL. 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 31 December 2020, The Bank of New York Mellon had \$41.1 trillion in assets under custody and/or administration, and \$2.2 trillion in assets under management. Additional information is available at www.bnymellon.com.

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

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

ACCOUNT AGREEMENT

Accounts

The Account Bank 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 Grosvenor House, 125 High Street, Croydon CR0 9XP. The telephone number of its registered address is 0800 121 6060. The Issuer has no subsidiaries.

The website of the Issuer is at <https://www.optivo.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:

Name	Other Principal Activities
Michelle Dovey (chair)	Board Member and Treasury Committee Chair, Optivo 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, Optivo 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
Sarah Smith	Chief Financial Officer, Optivo Director, Optivo Enterprises Limited Director, Optivo Development Services Limited Board and Audit Committee member, Dolphin Square Charitable Foundation Board Member, Sustainability for Housing Limited Vice Chair, National Housing Federation's SORP Working Party Board Member and Chair of the Audit and Risk Committee, Reall Ltd Member FPAG Member ICAEW Social Housing Sub-Committee

Name	Other Principal Activities
Thomas Paul	Director of Treasury and Commercial, Optivo Director, Optivo Homes Limited Director, Middlesex First Ltd Audit and Risk Committee member, Grand Union Housing Group Member, Housing Committee of Church of England Pensions Board

The business address of each of the directors is Grosvenor House, 125 High Street, Croydon CR0 9XP.

The Secretary of the Issuer is Alison Wignall whose business address is at Grosvenor House, 125 High Street, Croydon CR0 9XP.

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 Retained Bonds**) on that same date with a view to selling the Original Retained Bonds to third parties thereafter. On 2 September 2013, the Issuer sold the Original 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 **2035 Retained Bonds**) on that same date with a view to selling the 2035 Retained Bonds to third parties thereafter. On 26 August 2021, the Issuer sold the 2035 Retained Bonds.

On 18 September 2020, the Issuer entered into two Forward Purchase Agreements in respect of the onward sale of £100,000,000 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

Optivo (the **Borrower**) was incorporated on 22 May 2017 as the resultant entity of the amalgamation of AmicusHorizon Limited and Viridian Housing (the **Amalgamation**). The Borrower is registered in England with limited liability under the Co-operative and Community Benefit Societies Act 2014 (with registered number 7561) and is a Registered Provider of Social Housing whose activities are regulated by the Regulator of Social Housing (with registered number 4851). As such, the Borrower has charitable status but is exempt from registration with the Charity Commission.

The registered office of the Borrower is Grosvenor House, 125 High Street, Croydon CR0 9XP. The telephone number of its principal place of business is 0800 121 6060.

The website of the Borrower is at <https://www.optivo.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 mission is "Building Homes, Making Places, Enhancing Lives" and the Borrower promotes four core values: Customer Focused, One Team, Respect and Enthusiastic. The Borrower's four key objectives are:

- to provide sector leading service;
- to value its people;
- to maximise its social impact; and
- to ensure a sustainable business: driving efficiency and helping the environment.

The Borrower will achieve its social purpose by following five key principles:

- co-creation;
- fair and ethical;
- inclusive;
- not for profit; and
- sustainable.

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

AmicusHorizon Limited

South London Family Housing Association Limited (South London Family HA) was originally registered in 1967 and was formed from a number of small societies in the Crystal Palace area of South London. These societies had the common goal of providing affordable homes to residents in this area.

In 1998, Rother Homes Limited was formed as a Large Scale Voluntary Transfer (**LSVT**) subsidiary of South London Family HA following a transfer of the housing stock of Rother District Council. In 2001, South London Family HA changed its name to Horizon Housing Group Limited and created two new

subsidiaries, SLFHA Limited and Southern Horizon Housing Limited, to manage properties in London, and in Surrey and Sussex respectively. During 2004 and 2005, the ownership of the properties was transferred to the two subsidiaries.

In April 2006, Amicus Group Limited (**Amicus**) became a subsidiary of Horizon Housing Group Limited and Horizon Housing Group Limited changed its name to AmicusHorizon Group Limited. Amicus was formed in 2001 to provide financial and other management services to two LSVT subsidiaries, Swale Housing Association Limited (**Swale**), and Ten Sixty Six Housing Association Limited (**1066**). Swale was formed in August 1989 following an LSVT of housing stock from Swale Borough Council, 1066 received an LSVT of housing stock from Hastings Borough Council in February 1996.

In October 2009, the group of seven operating housing associations was collapsed by amalgamation into a single operating association, AmicusHorizon Limited. AmicusHorizon Limited was a leading housing association working in London, Kent, Surrey and Sussex.

Viridian Housing

Viridian Housing was founded in 1945 as Hearth and Home Limited. Hearth and Home Limited purchased its first home in 1946 in Kensington, which housed elderly men and women whose own homes were damaged during the Blitz. In 1974 the name was changed to Servite Houses Limited and in 1990 to Servite Houses.

Between 1992 and 2003 Battersea Old Peoples Housing Ltd, Chelsea Housing Association Ltd and Harding Housing Association consolidated into Riverhaven Ltd. In 2005 Riverhaven Ltd joined Servite Houses.

Servite Houses diversified its business during the 2000s, acquiring assets for use as student accommodation, hostels for young people and NHS key workers.

In 2007 Thames Housing Association merged with Servite Houses.

In 2008 Servite Houses transferred 1,800 homes in Merseyside to local Registered Providers of Social Housing and, in 2010, was renamed as Viridian Housing.

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 Cooperative and Community Benefit Societies Act 2014. CPHA's principal activity is managing an historic portfolio of 298 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) Ltd, a joint venture with Galliford Try Homes Ltd with the sole purpose of building out a development site of 121 homes in Rainham, Medway;
- 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; and
- in addition to the principal subsidiaries of the Borrower specified above, the Borrower has 2 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 2021, is as follows:

	Group		Borrower	
	2021	2020	2021	2020
Social housing				
Social & affordable rent	30,066	29,939	30,066	29,917
Supported	1,004	1,020	1,004	1,020
Care	69	75	69	75
Housing for older people	3,484	3,519	3,484	3,519
Key workers	1,172	1,172	1,172	1,172
Temporary & intermediate housing	545	458	545	458
Shared ownership	4,360	4,242	4,360	4,052
Total social housing homes owned and / or managed	40,700	40,425	40,700	40,213
Non social housing				
Market rent	64	87	64	87

	Group		Borrower	
	2021	2020	2021	2020
Student accommodation	1835	2,643	1,835	2,643
Total non social housing homes owned and / or managed	1,899	2,730	1,899	2,730
Total	42,599	43,155	42,599	42,943

Board

The 12 board members of the Borrower and their principal activities outside the Borrower, where these are significant with respect to the Borrower, are as follows:

Name	Principal activities outside Borrower
Sir Peter Dixon (Chair)	Chair of Diabetes UK
Grace Alaneme	None
Eugenie Turton	Board Associate and Mentor of Critical Eye network for business leaders Member of the Advisory Council on the Disposal of Nuclear Waste Board
Howard Cresswell	None
Geanna Bray	Interim Director of Customer Operations for One Housing
Andy Burder	Financial Controller for a Real Estate Investment Manager
Michelle Dovey	Director of the Issuer Director of MJD Treasury Solutions Limited Director of 40 Steps Property Services Limited Board Trustee and Chair of Board at Kairos Women Working Together
Nick Stephenson	Economic Development Consultant and Bid Writer Founder of unemployed.net Director of Nick Stephenson Ltd Trustee of Fresh Visions
Paul Hackett CBE	Director of the Issuer 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
Kanye Kola	None
Damien Régent	Chair of the Finance, Audit and Risk Committee on the board of Crisis Chair of the Audit Committee at Kingston Hospital NHS Foundation Trust Trustee-treasurer at Pro Bono Economics

Name	Principal activities outside Borrower
Chris Tinker	Chairman of Regeneration and Strategic Partnerships of Crest Group NED of BBS Capital Ltd and Bathurst Developments Ltd Trustee of Yeldall Christian Centres and Kiriath Trust Board Director of the Housing Forum Director of the Enterprise M3 LEP Member of the Homes England Design and Sustainability Advisory Board

The business address of each of the above board members is Grosvenor House, 125 High Street, Croydon CR0 9XP.

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:

- Audit & Risk Committee, whose role is to support the Board in its responsibilities in relation to statutory accounting, risk, internal control and assurance. The Audit and Risk Committee reviews the public reporting aspects of the Borrower's value for money agenda;
- People, Governance and Remuneration Committee, which supports Optivo Board to achieve strategic objectives around people issues including:
 - Employment, People and Organisational Development (**OD**)
 - Governance
 - Remuneration
 - Inclusion and Diversity;
- Treasury Committee, whose role is to provide financial oversight of the Group, recommend the treasury strategy and plans to the Board, oversee treasury activity and approve treasury transactions under delegation from the Board;
- Growth Committee, whose role is to support the Board in its strategic objectives of becoming a major, multi-regional and mixed tenure developer; and

- Customer Experience Committee, whose role is to advise the Board on the implementation of the organisation's digital agenda and channel shift, the development of cutting edge customer facing strategies and the implementation of the technology strategy.

In addition, the Borrower has a Pensions Group (comprised of one board member and two independent members) and a Chairs Group (comprised of all Committee/Group Chairs). The Board has also approved the establishment of 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 Residents' Strategy Group, the Scrutiny Panel, the Local General Panel and the Local Repairs 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:

Name	Role	Principal activities outside the Executive Team of the Borrower
Paul Hackett CBE	Chief Executive	Director of the Issuer Board Member of the Borrower Board member, Amicus Group Limited Board trustee, REALL Limited Honorary Professor, UCL Bartlett School of Construction and Project Management Member UCL Bartlett's Independent Advisory Board Member, RICS Housing Supply Group Member, Town & Country Planning Association
Sarah Smith	Chief Financial Officer	Director of the Issuer Director, Optivo Enterprises Limited Director, Optivo Development Services Limited Board and Audit and Risk Committee member, Dolphin Square Charitable Foundation Board member, Sustainability for Housing Limited Vice Chair, National Housing Federation's SORP Working Party
Jane Porter	Chief Operating Officer	Board member, Settle
Joanne Stewart	Executive Director for People	None
Richard White	Executive Director of Development and Sales	None

The business address of each of the above Executive Team members is Grosvenor House, 125 High Street, Croydon CR0 9XP.

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 Issuer is Alison Wignall whose business address is at Grosvenor House, 125 High Street, Croydon CR0 9XP

Share Capital and Major Shareholders

The entire issued share capital of the Borrower comprises 50 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 regulatory judgement by the Regulator of Social Housing for governance is G1 and for financial viability is V1, which was most recently affirmed on 15 December 2021.

Corporate Credit Rating

The Borrower has been assigned a credit rating of "A3" by Moody's which was most recently affirmed on 8 October 2021. Moody's is established in the European Union and is registered under the CRA Regulation. As such, Moody's is included in the list of credit rating agencies published by the ESMA on its website 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.

DESCRIPTION OF THE REGULATION AND FUNDING ENVIRONMENT APPLICABLE TO THE BORROWER

Regulation and the Regulatory Framework

The Housing and Regeneration Act 2008, as amended by the Localism Act 2011 and the Housing and Planning Act 2016 (the **HPA 2016**), (the **HRA 2008**) makes provision for the regulation of social housing provision in England.

Pursuant to the HRA 2008, the Homes and Communities Agency (the **HCA**) acted as the regulator of Registered Providers of Social Housing in England, including the Borrower. Since January 2018, Homes England has operated the non-regulatory arm and the Regulator of Social Housing (the **Regulator**) has taken on the functions of the regulation committee. The Regulator provides economic regulation for Registered Providers of Social Housing in order to ensure that they are financially viable and well governed.

The Regulator regulates Registered Providers of Social Housing in accordance with the regulatory framework for social housing in England (the **Regulatory Framework**), which sets out the standards that apply to Registered Providers of Social Housing (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 Governance and Financial Viability Standard and the code for the Value for Money Standard. Furthermore, the Regulator has issued a Policy Statement on Rents for Social Housing which supplements the Rent Standard.

The remaining four Standards are classified as 'consumer' for which the Regulator's role is reactive in response to referrals or other information received. Its role is limited to intervening where failure to meet the standards has caused or could have caused serious harm to tenants. The consumer standards are:

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

Registered Providers of Social Housing 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 enforcement by the Regulator of the Standards other than those relating to governance and financial viability, rent and value for money is restricted to cases in which there is, or there is a risk of, serious detriment to tenants (including future tenants). The Regulatory Framework includes guidance as to how the Regulator will assess whether serious detriment may arise.

In April 2015, the HCA (as the predecessor of the Regulator) published updates to the Regulatory Framework. These provide for changes in the way the Regulator regulates, including asset and liability registers which are aimed to ensure that social housing assets are not put at risk, to protect the public

value in those assets and to ensure that Registered Providers of Social Housing can continue to attract the necessary finance to build new homes.

In March 2019, the Regulator updated its "*Regulating the Standards*" publication which outlines the Regulator's operational approach to assessing Registered Providers of Social Housing compliance with the economic and consumer standards.

On 14 August 2018 the Department for Levelling Up, Housing and Communities (**DLUHC**) (formerly the Ministry of Housing, Communities and Local Government (**MHCLG**)) published the green paper titled "*A new deal for social housing*". The paper sets out the UK Government's intention to carry out a review of the regulation of social housing to ensure it remains fit for purpose, reflects changes in the social housing sector and drives a focus on delivering a good service for residents. A "call for evidence" which marks the first stage in the review process was launched which asked interested parties such as residents, landlords and lenders for information on how the regulatory regime is meeting its current objectives – both what works well and what does not. Alongside questions in the green paper this marked the first stage in the review process. The deadline for responses was 6 November 2018. On 17 November 2020, the UK Government released a Social Housing White Paper, which has the stated aim of delivering transformational change for social housing residents. A seven point Charter is proposed setting out what every social housing resident should be able to expect. Central to this is the proposal for a strengthened Regulator which will be granted additional powers and in particular will be empowered to act more proactively on consumer regulation matters than under the current regulatory regime in force as at the date of this Prospectus.

Many of the proposals rely upon further legislation and consultation, so implementation is not expected to be immediate, however the Secretary of State for Levelling Up, Housing and Communities has announced that a social housing regulation bill on social housing and building safety will be brought forward with a view to such proposals being made law in Spring 2022.

Housing Grant

Grant funding for Registered Providers of Social Housing has, in recent years, undergone significant and material change. Under the 2011–2015 Affordable Homes Programme, the level of capital grant made available to fund new affordable homes was reduced to £4.5 billion compared to £8.4 billion under the previous review period. To compensate for this, Registered Providers of Social Housing are able to charge Affordable Rents where a Framework Delivery Agreement with Homes England has been entered into.

The 2015-2018 Affordable Homes Programme (the **New Framework**) was launched in January 2014. In December 2014 the Chancellor announced that the grant programme would be extended to 2020 with additional grant being made available. The primary change brought about under the New Framework is that all of the available funding is not allocated from the outset. The New Framework allows bidders the opportunity to bid for the remaining funding for development opportunities as these arise during the programme, where they can be delivered within the programme timescales.

In April 2016, the HCA announced that it was making available £4.7 billion of capital grant between 2016- 2021 under the Shared Ownership and Affordable Homes Programme 2016-2021 (**SOAHP 2016 to 2021**). That marked a shift towards support for home ownership in England. However, the Autumn Statement 2016 announced that an additional £1.4 billion would be made available to build 40,000 affordable homes and that the SOAHP 2016 to 2021 will support a variety of tenures which now includes affordable rent, shared ownership and rent to buy. In July 2020, it was announced that the 2016-21 Affordable Homes Programme for housing will be extended until March 2023.

In the 2020 budget, the UK Government announced a new £12 billion Affordable Homes Programme 2021-2026 which is intended to support the delivery of 180,000 new affordable homes, including for social housing and shared ownership, across England.

Social Housing Rents

As part of the 2012 spending round, the UK Government confirmed, through its policy "*Guidance on Rents for Social Housing*" published in May 2014, that from 2015-2016, rents in the social sector should increase by up to the Consumer Price Index (**CPI**) at September of the previous year plus 1 per cent. annually, for ten years.

In the 2015 Summer Budget, the UK Government announced that rents for social housing (as defined in Part 2 of the HRA 2008) in England would reduce by 1 per cent. annually for four years. This change was introduced on 1 April 2016 pursuant to Section 23 of the Welfare Reform and Work Act 2016 (the **WRWA 2016**).

In the WRWA 2016 and associated amendment regulations there was provision for exceptions to the rent reduction requirement and DLUHC had regulation making powers to introduce other exemptions. For example, reductions did not apply to rents payable by residents in low cost home ownership and shared ownership properties. Furthermore, the WRWA 2016 also gave the Regulator the power, by direction, to exempt a Registered Provider of Social Housing from the rent reduction requirement but only where compliance with the requirement would jeopardise that Registered Provider of Social Housing's financial viability.

On 4 October 2017, the UK Government announced that social housing rents would be restored to the CPI plus 1 per cent. formula for five years from April 2020. Rent reductions continued to apply until then. A "*Policy Statement on Rents for Social Housing*" was issued by DLUHC on 26 February 2019 and confirmed the CPI plus 1 per cent. limit for five years from April 2020. A contemporaneous "*Direction to the Regulator*" was issued which prompted the Regulator to publish a new Rent Standard (supplemented by the Policy Statement on Rents for Social Housing) that took effect from 1 April 2020.

Household Benefit Cap

The Summer Budget 2015 announced, and the Spending Review and Autumn Statement 2015 confirmed, that the total household benefit cap (the combined income from a number of welfare benefits for those receiving housing benefit or Universal Credit and that are of working age) would be reduced to £20,000 per year for couples or parents (or £23,000 for Greater London) and £13,400 per year for single people without children (or £15,410 in Greater London). Measures to implement the lowering of the threshold were included in the WRWA 2016 which applies to Registered Providers of Social Housing.

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. Housing benefit will not be included when calculating total benefit income where tenants are housed in specified accommodation including supported housing.

Occupation Size Criteria

From April 2013, Housing Benefit was based on the number of people in the household and the size of the accommodation. This applies to all working-age tenants renting from a local authority, housing association or other registered social landlord. The rules were announced in the Welfare Reform Act 2012 (the **WRA 2012**) which saw the introduction of a size criterion for working age social housing

tenants in receipt of housing related benefits sometimes known as the "removal of the spare room subsidy" or the "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 are applied to supported housing tenants. Where a household has one extra bedroom, benefit is reduced by 14 per cent. of the rent charge. Where a household has two or more extra rooms, the reduction 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, namely 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 monthly payment, transferred directly into a household bank account of choice, and is currently in an extended "caseload roll out" phase across the UK which is expected to last until September 2024.

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

- (a) direct payment of the housing cost element to landlords (known as managed payments);
- (b) splitting of payments between members of a couple (in exceptional circumstances); and
- (c) more frequent payment of benefit where a claimant is in arrears with their rent for an amount equal to, or more than, two months of their rent or where a claimant has continually underpaid their rent over a period of time, and they have 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 of Social Housing 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

The introduction of the right to buy to assured tenants of Registered Providers of Social Housing was a manifesto commitment by the Conservative party for the 2015 and 2017 general elections. An announcement from the Secretary of State for Communities and Local Government on 24 September 2015 confirmed a proposal made by the National Housing Federation (**NHF**) to introduce the right to buy voluntarily. The voluntary arrangement is based on four key principles:

- (a) tenants would have the right to purchase a home at right to buy discounts (maximum discount of £84,200 (£112,300 in London)) subject to government funding for the scheme;
- (b) Registered Providers of Social Housing will have the final decision about whether to sell an individual property;
- (c) Registered Providers of Social Housing 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 would be built, thereby increasing supply of new homes.

The Prime Minister confirmed on 7 October 2015 that the NHF's proposal had been accepted by the UK Government. This means that, rather than including the right to buy extension in the HPA 2016 as

a statutory obligation, there is an agreement by the social housing sector to deliver the extension voluntarily. The HPA 2016 does contain measures requiring local authorities to make payments to the Government in respect of expected sales of 'higher value' vacant stock over the year and it was intended that these payments would be used to compensate the Registered Providers of Social Housing for selling housing assets at a discount. However, the social housing Green Paper published in August 2018 stated that these measures would not be brought into effect. In the pilot scheme launched in 2018, the MHGLG compensated the associations involved for the discounted sale of housing assets.

The UK Government ran an initial pilot scheme in January 2016 involving five housing associations and launched a further regional pilot in August 2018, which is now closed. An independent evaluation of the pilot scheme was published in February 2021 but no date has been announced for a full roll-out. The Conservative Party's 2019 Manifesto said the voluntary Right to Buy scheme would be maintained, however, no implementation date for full roll-out has been announced.

LHA Cap and Sheltered Rent

In the 2015 Spending Review, the Chancellor outlined plans to cap the amount of rent that housing benefit will cover in the social housing sector to the level of the relevant Local Housing Allowance (**LHA**) (the **LHA Cap**). This was to take effect in England only from April 2019 with the key elements being:

- (a) the LHA Cap will apply to all tenants in supported and sheltered housing from April 2019;
- (b) housing cost will continue to be paid through the benefit system up to LHA level;
- (c) no Shared Accommodation Rate - one-bedroom LHA rate for under 35 year olds in supported housing;
- (d) local authority top-up, with ring-fenced funds transferred across from the DWP and allocated by the DLUHC;
- (e) the UK Government believes a different system needs to be worked out for short-term transitional services and it will consult on this; and
- (f) the 1 per cent. rent reduction applies to supported and sheltered housing from April 2017 for three years – except refuges, almshouses and co-ops.

Following a joint DWP/DLUHC select committee inquiry, the UK Government announced on 31 October 2017 that the LHA Cap will not apply to tenants in supported housing, nor to the wider social rented sector, and therefore will not apply to the majority of Registered Providers of Social Housing. It was also announced, on 31 October 2017, that the UK Government will introduce a new sheltered rent for the sheltered housing and extra care sector from April 2020. This will keep funding within the welfare system and acknowledge the higher cost generated by this type of housing in comparison with general needs housing.

After several consultations in August 2018, the UK Government confirmed that housing costs for supported housing will continue to be paid through housing benefit. Additionally, there will be no introduction of a "sheltered rent" and as a result there will be no cap on services charged in sheltered and extra care schemes.

Building Regulations Reform

On 20 July 2020, the UK Government published the draft Building Safety Bill which seeks to legislatively address the recommendations from an independent review of building regulations and fire

safety following the Grenfell Tower fire in June 2017. The Bill is a result of the concerns raised around fire safety, the existing building safety regime and confusion around the roles and responsibilities of those involved across the construction process.

The Building Safety Bill is intended to:

- (a) establish a Building Safety Regulator to implement and oversee a stringent regime for higher-risk buildings and to drive improvements in building safety and performance standards in all buildings;
- (b) establish a legal regime to oversee higher-risk buildings;
- (c) ensure residents have a stronger voice in the system, and establish additional protections for leaseholders in relation to financing remediation works;
- (d) create a new homes ombudsman scheme;
- (e) increase access to redress through the Defective Premises Act 1972;
- (f) strengthen the obligations under the Regulatory Reform (Fire Safety) Order 2005; and
- (g) provide a stronger and clearer framework for oversight of construction products.

The Bill will impact developers, owners, managers and occupiers of higher-risk buildings, which are currently defined as buildings with at least two residential units and are at least 18m in height or 7+ storeys.

The Bill is currently subject to pre-legislative scrutiny in both the House of Commons and the House of Lords. The review of the Bill has been (and will continue to be) a lengthy process. Initial indications were that the Bill would become law as early as autumn 2021. However, a revised indicative timetable (published with the latest draft of the Bill in July 2021) anticipates Royal Assent in 9-12 months (i.e. summer 2022 at the earliest).

Fire Safety Act

The Fire Safety Act 2021 received Royal Assent on 29 April 2021. The Act amended the Regulatory Reform (Fire Safety) Order 2005 (**RRFO**), clarifying its ambit to include the risks posed by the external façade (and external wall system) of buildings as well as individual entrance doors to flats (thereby implementing the recommendations made by Sir Martin Moore-Bick in his Phase 1 report following the Grenfell Tower Inquiry).

The Fire Safety Act 2021:

- (a) amends the RRFO to require all Responsible Persons (i.e. the relevant dutyholder(s) under the legislation) to assess, manage and reduce the fire risks posed by the structure and external walls of the building(s) for which they are responsible (including cladding, balconies and windows) and also individual doors opening onto common parts of the building;
- (b) applies to all multi-occupancy residential buildings (and is not subject to or dependent on the height of the building); and
- (c) allows the fire and rescue service to enforce against non-compliance in relation to external walls and the individual doors opening onto the common parts of the premises.

Moratorium and Housing Administration

In order to protect the interests of tenants and to preserve the housing stock of a Registered Provider of Social Housing 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 of Social Housing 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. 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 Security Documents 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 Cooperative 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 of Social Housing, 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 and, upon the making of a housing administration order, a Registered Provider of Social Housing shall become subject to a moratorium, for so long as such Registered Provider of Social Housing is subject to a housing administration order, that prevents secured creditors from enforcing 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 of Social Housing 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” – How it impacts the Social Housing Sector Generally

The Climate Change Act, when it was originally enacted in 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 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 to be 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.

The budgets are designed to reflect a cost-effective way of achieving the UK's long-term climate change objectives and 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).

In terms of the Government's objectives, the UK is committed to:

- 68 per cent. reduction of greenhouse gas emissions by 2030;
- 78 per cent. reduction of greenhouse gas emissions by 2035; and
- 100 per cent. (net zero) reduction of greenhouse gas emissions by 2050.

The Government plans to tackle this output through its "Heat and Buildings Strategy". As part of that Strategy, the Government has pledged £800m to the Social Housing Decarbonisation Fund (as of October 2021).

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 2021 and 31 March 2020 (the **Issuer Financial Statements**); and
- (b) 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 years ended 31 March 2021 and 31 March 2020 (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.

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.optivo.org.uk/investors/Financial-Statements.aspx>).

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

VALUATION REPORTS

The holders of the New Bonds share their security with the holders of the Original Bonds and will share in the security for the Original 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 Reports were prepared by Savills Advisory Services Limited, Registered Chartered Surveyors of 33 Margaret Street, London W1G 0JD and Jones Lang LaSalle Limited, Registered Chartered Surveyors of 30 Warwick Street, London W1B 5NH. Each Valuation Report is included in this Prospectus, in the form and context in which it is included, with the consent of the relevant Valuer and each Valuer has authorised the contents of this section in relation to the Valuation Report(s) prepared by it.

Neither Valuer has 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 Reports is set out below:

	EUV-SH or, where appropriate, MV-ST*		Total	
	Units	EUV-SH is appropriate	Units	MV-ST is appropriate
	No.	£	No.	£
Savills September 2021 Report	109	£17,462,065	173	£38,215,500
Savills December 2021 Report	192	£14,678,000	633	£97,670,000
JLL Report	82	£7,370,000	1,080	£188,925,000
	383	£39,510,065	1,886	£324,810,500
				£364,320,565

* A further 36 units have been given a nil value.



9 March 2022

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(as Issuer)

Dear Sirs,

Valuation of housing stock of Optivo (the "Borrower") relating to the issue of £150,000,000 5.25 per cent. Secured Bonds due 2043 (the "New Bonds") (to be consolidated and form a single series with the existing £150,000,000 5.25 per cent. Secured Bonds due 2043 (the "Original Bonds" and, together with the New Bonds, the "Bonds")) by the Issuer (the "New Bond Issue")

Savills Advisory Services Limited reports dated September 2021 (the "September 2021 Report") and December 2021 (the "December 2021 Report" and, together with the September 2021 Report, the "2021 Reports")

1. Scope of this Report

1.1 We provided valuations in the 2021 Reports in respect of the properties listed therein which form part of the security for the holders of the Original Bonds (the Original Properties). Copies of the 2021 Reports are scheduled to this Report.

1.2 We understand that the New Bonds will be secured by, inter alia, the charged properties from a shared security pool. Consequently, we have been instructed to confirm whether there have been any material changes in respect of the valuations of the Original Properties set out in the 2021 Reports.

1.3 This Report is issued for the benefit of the addressees and for inclusion in the Prospectus for the New Bond Issue and may only be used in connection with the transaction referred to in this Report and for the purposes of the Prospectus.

1.4 This Report is given in connection with the New Bond Issue and is subject to our engagement letter with the Issuer dated 24 February 2022. 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 that 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.

1.5 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. The 2021 Reports had 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 Original Properties were enforced as at the date of the 2021 Reports. 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 figures in the Borrower's latest published annual accounts represent a valuation based on the going concern of the whole stock, in contrast with the valuation for the Notes 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.

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

1.8 In accordance with the RICS Red Book, we confirm that this Report has been prepared by Andrew Garratt FRICS who has relevant experience to report on this property type.

2. Valuation

2.1 The 2021 Reports refer to the position as at the respective dates the 2021 Reports were originally issued. We have not been made aware by the Issuer, the Borrower or any other party of any material change in any matter relating to the Original Properties since the 2021 Reports were originally issued.

2.2 We understand that:

(a) no properties within the Original Properties set out in the September 2021 Report have been removed from charge since the date of the September 2021 Report; and

(b) no properties within the Original Properties set out in the December 2021 Report have been removed from charge since the date of the December 2021 Report.

Adjustments to the valuation schedule have been applied to reflect shared ownership staircasing and legal disclosures as shown in the attached schedules.

2.3 The aggregate valuation of the Original Properties as stated in the 2021 Reports and hereby adjusted is therefore as follows:

September 2021 Report (Schedule 1)

(a) the aggregate EUV-SH value of the 109 units restricted to this basis of valuation is – £17,462,065 (Seventeen Million Four Hundred and Sixty Two Thousand and Sixty Five Pounds);

(b) the aggregate MV-T value of the 173 units valued on this basis of valuation is – £38,215,500 (Thirty Eight Million, Two Hundred, Fifteen Thousand and Five Hundred Pounds).

December 2021 Report (Schedule 2)

(a) the aggregate EUV-SH value of the 192 units restricted to this basis of valuation is – £14,678,000 (Fourteen Million Six Hundred and Seventy Eight Thousand Pounds);

(b) the aggregate MV-T value of the 633 units valued on this basis of valuation is – £97,670,000 (Ninety Seven Million Six Hundred and Seventy Thousand Pounds); and

a further 13 units have been given a nil value.

This letter is governed by and shall be construed in accordance with English law and the English courts shall have exclusive jurisdiction.

Yours faithfully

Yours faithfully,

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

Andy Garratt BA FRICS FCIH
RICS Registered Valuer

For and on behalf of Savills Advisory Services Limited

Costing Commentary and Assessment



Optivo Finance PLC - Bond 2043
Valuation Apportionments Schedule
Tranche 2

Job Information																														Financial Summary										Contract Details																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
Job ID	Address 1	Address 2	Address 3	Address 4	Address 5	Local Authority	Post Code	Property Type	Job Status	Received 01/01/2024	Setback Commenced Date	% Job Received	Tracing Type	Indication 10% Not Received	Current	W01/T1	W02/T1	W03/T1	W04/T1	W05/T1	W06/T1	W07/T1	W08/T1	W09/T1	W10/T1	W11/T1	W12/T1	W13/T1	W14/T1	W15/T1	W16/T1	W17/T1	W18/T1	W19/T1	W20/T1	W21/T1	W22/T1	W23/T1	W24/T1	W25/T1	W26/T1	W27/T1	W28/T1	W29/T1	W30/T1	W31/T1	W32/T1	W33/T1	W34/T1	W35/T1	W36/T1	W37/T1	W38/T1	W39/T1	W40/T1	W41/T1	W42/T1	W43/T1	W44/T1	W45/T1	W46/T1	W47/T1	W48/T1	W49/T1	W50/T1	W51/T1	W52/T1	W53/T1	W54/T1	W55/T1	W56/T1	W57/T1	W58/T1	W59/T1	W60/T1	W61/T1	W62/T1	W63/T1	W64/T1	W65/T1	W66/T1	W67/T1	W68/T1	W69/T1	W70/T1	W71/T1	W72/T1	W73/T1	W74/T1	W75/T1	W76/T1	W77/T1	W78/T1	W79/T1	W80/T1	W81/T1	W82/T1	W83/T1	W84/T1	W85/T1	W86/T1	W87/T1	W88/T1	W89/T1	W90/T1	W91/T1	W92/T1	W93/T1	W94/T1	W95/T1	W96/T1	W97/T1	W98/T1	W99/T1	W100/T1	W101/T1	W102/T1	W103/T1	W104/T1	W105/T1	W106/T1	W107/T1	W108/T1	W109/T1	W110/T1	W111/T1	W112/T1	W113/T1	W114/T1	W115/T1	W116/T1	W117/T1	W118/T1	W119/T1	W120/T1	W121/T1	W122/T1	W123/T1	W124/T1	W125/T1	W126/T1	W127/T1	W128/T1	W129/T1	W130/T1	W131/T1	W132/T1	W133/T1	W134/T1	W135/T1	W136/T1	W137/T1	W138/T1	W139/T1	W140/T1	W141/T1	W142/T1	W143/T1	W144/T1	W145/T1	W146/T1	W147/T1	W148/T1	W149/T1	W150/T1	W151/T1	W152/T1	W153/T1	W154/T1	W155/T1	W156/T1	W157/T1	W158/T1	W159/T1	W160/T1	W161/T1	W162/T1	W163/T1	W164/T1	W165/T1	W166/T1	W167/T1	W168/T1	W169/T1	W170/T1	W171/T1	W172/T1	W173/T1	W174/T1	W175/T1	W176/T1	W177/T1	W178/T1	W179/T1	W180/T1	W181/T1	W182/T1	W183/T1	W184/T1	W185/T1	W186/T1	W187/T1	W188/T1	W189/T1	W190/T1	W191/T1	W192/T1	W193/T1	W194/T1	W195/T1	W196/T1	W197/T1	W198/T1	W199/T1	W200/T1	W201/T1	W202/T1	W203/T1	W204/T1	W205/T1	W206/T1	W207/T1	W208/T1	W209/T1	W210/T1	W211/T1	W212/T1	W213/T1	W214/T1	W215/T1	W216/T1	W217/T1	W218/T1	W219/T1	W220/T1	W221/T1	W222/T1	W223/T1	W224/T1	W225/T1	W226/T1	W227/T1	W228/T1	W229/T1	W230/T1	W231/T1	W232/T1	W233/T1	W234/T1	W235/T1	W236/T1	W237/T1	W238/T1	W239/T1	W240/T1	W241/T1	W242/T1	W243/T1	W244/T1	W245/T1	W246/T1	W247/T1	W248/T1	W249/T1	W250/T1	W251/T1	W252/T1	W253/T1	W254/T1	W255/T1	W256/T1	W257/T1	W258/T1	W259/T1	W260/T1	W261/T1	W262/T1	W263/T1	W264/T1	W265/T1	W266/T1	W267/T1	W268/T1	W269/T1	W270/T1	W271/T1	W272/T1	W273/T1	W274/T1	W275/T1	W276/T1	W277/T1	W278/T1	W279/T1	W280/T1	W281/T1	W282/T1	W283/T1	W284/T1	W285/T1	W286/T1	W287/T1	W288/T1	W289/T1	W290/T1	W291/T1	W292/T1	W293/T1	W294/T1	W295/T1	W296/T1	W297/T1	W298/T1	W299/T1	W300/T1	W301/T1	W302/T1	W303/T1	W304/T1	W305/T1	W306/T1	W307/T1	W308/T1	W309/T1	W310/T1	W311/T1	W312/T1	W313/T1	W314/T1	W315/T1	W316/T1	W317/T1	W318/T1	W319/T1	W320/T1	W321/T1	W322/T1	W323/T1	W324/T1	W325/T1	W326/T1	W327/T1	W328/T1	W329/T1	W330/T1	W331/T1	W332/T1	W333/T1	W334/T1	W335/T1	W336/T1	W337/T1	W338/T1	W339/T1	W340/T1	W341/T1	W342/T1	W343/T1	W344/T1	W345/T1	W346/T1	W347/T1	W348/T1	W349/T1	W350/T1	W351/T1	W352/T1	W353/T1	W354/T1	W355/T1	W356/T1	W357/T1	W358/T1	W359/T1	W360/T1	W361/T1	W362/T1	W363/T1	W364/T1	W365/T1	W366/T1	W367/T1	W368/T1	W369/T1	W370/T1	W371/T1	W372/T1	W373/T1	W374/T1	W375/T1	W376/T1	W377/T1	W378/T1	W379/T1	W380/T1	W381/T1	W382/T1	W383/T1	W384/T1	W385/T1	W386/T1	W387/T1	W388/T1	W389/T1	W390/T1	W391/T1	W392/T1	W393/T1	W394/T1	W395/T1	W396/T1	W397/T1	W398/T1	W399/T1	W400/T1	W401/T1	W402/T1	W403/T1	W404/T1	W405/T1	W406/T1	W407/T1	W408/T1	W409/T1	W410/T1	W411/T1	W412/T1	W413/T1	W414/T1	W415/T1	W416/T1	W417/T1	W418/T1	W419/T1	W420/T1	W421/T1	W422/T1	W423/T1	W424/T1	W425/T1	W426/T1	W427/T1	W428/T1	W429/T1	W430/T1	W431/T1	W432/T1	W433/T1	W434/T1	W435/T1	W436/T1	W437/T1	W438/T1	W439/T1	W440/T1	W441/T1	W442/T1	W443/T1	W444/T1	W445/T1	W446/T1	W447/T1	W448/T1	W449/T1	W450/T1	W451/T1	W452/T1	W453/T1	W454/T1	W455/T1	W456/T1	W457/T1	W458/T1	W459/T1	W460/T1	W461/T1	W462/T1	W463/T1	W464/T1	W465/T1	W466/T1	W467/T1	W468/T1	W469/T1	W470/T1	W471/T1	W472/T1	W473/T1	W474/T1	W475/T1	W476/T1	W477/T1	W478/T1	W479/T1	W480/T1	W481/T1	W482/T1	W483/T1	W484/T1	W485/T1	W486/T1	W487/T1	W488/T1	W489/T1	W490/T1	W491/T1	W492/T1	W493/T1	W494/T1	W495/T1	W496/T1	W497/T1	W498/T1	W499/T1	W500/T1	W501/T1	W502/T1	W503/T1	W504/T1	W505/T1	W506/T1	W507/T1	W508/T1	W509/T1	W510/T1	W511/T1	W512/T1	W513/T1	W514/T1	W515/T1	W516/T1	W517/T1	W518/T1	W519/T1	W520/T1	W521/T1	W522/T1	W523/T1	W524/T1	W525/T1	W526/T1	W527/T1	W528/T1	W529/T1	W530/T1	W531/T1	W532/T1	W533/T1	W534/T1	W535/T1	W536/T1	W537/T1	W538/T1	W539/T1	W540/T1	W541/T1	W542/T1	W543/T1	W544/T1	W545/T1	W546/T1	W547/T1	W548/T1	W549/T1	W550/T1	W551/T1	W552/T1	W553/T1	W554/T1	W555/T1	W556/T1	W557/T1	W558/T1	W559/T1	W560/T1	W561/T1	W562/T1	W563/T1	W564/T1	W565/T1	W566/T1	W567/T1	W568/T1	W569/T1	W570/T1	W571/T1	W572/T1	W573/T1	W574/T1	W575/T1	W576/T1	W577/T1	W578/T1	W579/T1	W580/T1	W581/T1	W582/T1	W583/T1	W584/T1	W585/T1	W586/T1	W587/T1	W588/T1	W589/T1	W590/T1	W591/T1	W592/T1	W593/T1	W594/T1	W595/T1	W596/T1	W597/T1	W598/T1	W599/T1	W600/T1	W601/T1	W602/T1	W603/T1	W604/T1	W605/T1	W606/T1	W607/T1	W608/T1	W609/T1	W610/T1	W611/T1	W612/T1	W613/T1	W614/T1	W615/T1	W616/T1	W617/T1	W618/T1	W619/T1	W620/T1	W621/T1	W622/T1	W623/T1	W624/T1	W625/T1	W626/T1	W627/T1	W628/T1	W629/T1	W630/T1	W631/T1	W632/T1	W633/T1	W634/T1	W635/T1	W636/T1	W637/T1	W638/T1	W639/T1	W640/T1	W641/T1	W642/T1	W643/T1	W644/T1	W645/T1	W646/T1	W647/T1	W648/T1	W649/T1	W650/T1	W651/T1	W652/T1	W653/T1	W654/T1	W655/T1	W656/T1	W657/T1	W658/T1	W659/T1	W660/T1	W661/T1	W662/T1	W663/T1	W664/T1	W665/T1	W666/T1	W667/T1	W668/T1	W669/T1	W670/T1	W671/T1	W672/T1	W673/T1	W674/T1	W675/T1	W676/T1	W677/T1	W678/T1	W679/T1	W680/T1	W681/T1	W682/T1	W683/T1	W684/T1	W685/T1	W686/T1	W687/T1	W688/T1	W689/T1	W690/T1	W691/T1	W692/T1	W693/T1	W694/T1	W695/T1	W696/T1	W697/T1	W698/T1	W699/T1	W700/T1	W701/T1	W702/T1	W703/T1	W704/T1	W705/T1	W706/T1	W707/T1	W708/T1	W709/T1	W710/T1	W711/T1	W712/T1	W713/T1	W714/T1	W715/T1	W716/T1	W717/T1	W718/T1	W719/T1	W720/T1	W721/T1	W722/T1	W723/T1	W724/T1	W725/T1	W726/T1	W727/T1	W728/T1	W729/T1	W730/T1	W731/T1	W732/T1	W733/T1	W734/T1	W735/T1	W736/T1	W737/T1	W738/T1	W739/T1	W740/T1	W741/T1	W742/T1	W743/T1	W744/T1	W745/T1	W746/T1	W747/T1	W748/T1	W749/T1	W750/T1	W751/T1	W752/T1	W753/T1	W754/T1	W755/T1	W756/T1	W757/T1	W758/T1	W759/T1	W760/T1	W761/T1	W762/T1	W763/T1	W764/T1	W765/T1	W766/T1	W767/T1	W768/T1	W769/T1	W770/T1	W771/T1	W772/T1	W773/T1	W774/T1	W775/T1	W776/T1	W777/T1	W778/T1	W779/T1	W780/T1	W781/T1	W782/T1	W783/T1	W784/T1	W785/T1	W786/T1	W787/T1	W788/T1	W789/T1	W790/T1	W791/T1	W792/T1	W793/T1	W794/T1	W795/T1	W796/T1	W797/T1	W798/T1	W799/T1	W800/T1	W801/T1	W802/T1	W803/T1	W804/T1	W805/T1	W806/T1	W807/T1	W808/T1	W809/T1	W810/T1	W811/T1	W812/T1	W813/T1	W814/T1	W815/T1	W816/T1	W817/T1	W818/T1	W819/T1	W820/T1	W821/T1	W822/T1	W823/T1	W824/T1	W825/T1	W826/T1	W827/T1	W828/T1	W829/T1	W830/T1	W831/T1	W832/T1	W833/T1	W834/T1	W835/T1	W836/T1	W837/T1	W838/T1	W839/T1	W840/T1	W841/T1	W842/T1	W843/T1	W844/T1	W845/T1	W846/T1	W847/T1	W848/T1	W849/T1	W850/T1	W851/T1	W852/T1	W853/T1	W854/T1	W855/T1	W856/T1	W857/T1	W858/T1	W859/T1	W860/T1	W861/T1	W862/T1	W863/T1	W864/T1	W865/T1	W866/T1	W867/T1	W868/T1	W869/T1	W870/T1	W871/T1	W872/T1	W873/T1	W874/T1	W875/T1	W876/T1	W877/T1	W878/T1	W879/T1	W880/T1	W881/T1	W882/T1	W883/T1	W884/T1	W885/T1	W886/T1	W887/T1	W888/T1	W889/T1	W890/T1	W891/T1	W892/T1	W893/T1	W894/T1	W895/T1	W896/T1	W897/T1	W898/T1	W899/T1	W900/T1	W901/T1	W902/T1	W903/T1	W904/T1	W905/T1	W906/T1	W907/T1	W908/T1	W909/T1	W910/T1	W911/T1	W912/T1	W913/T1	W914/T1	W915/T1	W916/T1	W917/T1	W918/T1	W919/T1	W920/T1	W921/T1	W922/T1	W923/T1	W924/T1	W925/T1	W926/T1	W927/T1	W928/T1	W929/T1	W930/T1	W931/T1	W932/T1	W933/T1	W934/T1	W935/T1	W936/T1	W937/T1	W938/T1	W939/T1	W940/T1	W941/T1	W942/T1	W943/T1	W944/T1	W945/T1	W946/T1	W947/T1	W948/T1	W949/T1	W950/T1	W951/T1	W952/T1	W953/T1	W954/T1	W955/T1	W956/T1	W957/T1	W958/T1	W959/T1	W960/T1	W961/T1	W962/T1	W963/T1	W964/T1	W965/T1	W966/T1	W967/T1	W968/T1	W969/T1	W970/T1	W971/T1	W972/T1	W973/T1	W974/T1	W975/T1	W976/T1	W977/T1	W978/T1	W979/T1	W980/T1	W981/T1	W982/T1	W983/T1	W984/T1	W985/T1	W986/T1	W987/T1	W988/T1	W989/T1	W990/T1	W991/T1	W992/T1	W993/T1	W994/T1	W995/T1	W996/T1	W997/T1	W998/T1	W999/T1	W1000/T1	W1001/T1	W1002/T1	W1003/T1	W1004/T1	W1005/T1	W1006/T1	W1007/T1	W1008/T1	W1009/T1	W1010/T1	W1011/T1	W1012/T1	W1013/T1	W1014/T1	W1015/T1	W1016/T1	W1017/T1	W1018/T1	W1019/T1	W1020/T1	W1021/T1	W1022/T1	W1023/T1	W1024/T1	W1025/T1	W1026/T1	W1027/T1	W1028/T1	W1029/T1	W1030/T1	W1031/T1	W1032/T1	W1033/T1	W1034/T1	W1035/T1	W1036/T1	W1037/T1	W1038/T1	W1039/T1	W1040/T1	W1041/T1	W1042/T1	W1043/T1	W1044/T1	W1045/T1	W1046/T1	W1047/T1	W1048/T1	W1049/T1	W1050/T1	W1051/T1	W1052/T1	W1053/T1	W1054/T1	W1055/T1	W1056/T1	W1057/T1	W1058/T1	W1059/T1	W1060/T1	W1061/T1	W1062/T1	W1063/T1	W1064/T1	W1065/T1	W1066/T1	W1067/T1	W1068/T1	W1069/T1	W1070/T1	W1071/T1	W1072/T1	W1073/T1	W1074/T1	W1075/T1	W1076/T1	W1077/T1	W1078/T1	W1079/T1	W1080/T1	W1081/T1	W1082/T1	W1083/T1	W1084/T1	W1085/T1	W1086/T1	W1087/T1	W1088/T1	W1089/T1	W1090/T1	W1091/T1	W1092/T1	W1093/T1	W1094/T1	W1095/T1	W1096/T1	W1097/T1	W1098/T1	W1099/T1	W1100/T1	W1101/T1	W1102/T1	W1103/T1	W1104/T1	W1105/T1	W1106/T1	W1107/T1	W1108/T1	W1109/T1</

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Optivo Finance PLC Bond 2043 – Tranche 1

Report and Valuation of 282 Rented Properties in
London, the South East, and the East and West
Midlands of England

1st July 2021

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For the attention of:

Joanne Paine | Treasury Manager | Property Information Controller

Dear Client,

ISSUER - OPTIVO FINANCE PLC (“OPTIVO”)
PURPOSE - VALUATION OF HOUSING STOCK FOR LOAN SECURITY PURPOSES
PROPERTIES - 282 RENTED UNITS IN LONDON, THE SOUTH EAST, EAST MIDLANDS, AND WEST MIDLANDS OF ENGLAND

In accordance with the instructions contained in your correspondence dated 1 July 2021, as confirmed by your signature of our confirmation of instruction letter to you, we have externally inspected the properties and made such enquiries as are sufficient to provide you with our opinion of value on the bases stated below. Signed copies of our confirmation of instruction letter are enclosed at **Appendix 6**.

We draw your attention to our accompanying Report together with the General Assumptions and Conditions upon which our Valuation has been prepared, details of which are provided at the rear of our report.

We trust that our report meets your requirements, however should you have any queries, please do not hesitate to contact us.

Yours faithfully,

For and on behalf of Savills Advisory Services Limited,



Andy Garratt BA FRICS FCIH

RICS Registered Valuer

Director



Catherine Wilson BSc (Hons) MRICS

RICS Registered Valuer

Director

Offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

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Registered office: 33 Margaret Street, London, W1G 0JD



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1. Instructions and Terms of Reference

1.1. Instructions and Terms of Reference

Further to instructions received from Optivo, dated 1 July 2021, and confirmed by signed copies of our confirmation of instruction letter returned by Optivo, we now have pleasure in reporting to you the following valuations and advice for the purposes of assessing secured lending on the subject properties to Optivo (the Issuer).

1.2. Basis of Valuation

In accordance with your instructions, we have provided an assessment of the Market Value ("MV") of the Properties subject to the tenancies and shared ownership leases and the Existing Use Value for Social Housing ("EUV-SH") of the tenanted properties.

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 property 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 requirement*
- 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 (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."

1.3. Additional Advice – Aggregate Market Value

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

We would point out 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.

1.4. General Assumptions and Conditions

All our valuations have been carried out on the basis of the General Assumptions and Standard Conditions set out in **Appendix 7** of this report.

1.5. Valuation Date

Our opinions of value are as at the date of this report. The importance of the valuation date must be stressed as property values can change over a relatively short period of time.

1.6. Purpose of Valuation

We understand our valuation is required for loan security purposes in connection with an existing facility granted to the Borrower.

1.7. Proposed Loan Terms

You have not provided us with details of the loan terms. Although we comment on the suitability of the Property as loan security, we do so generally and not in the context of specific loan terms as we are not qualified to do so.

1.8. Conflicts of Interest

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 valuers' / valuer's ability to provide an impartial and independent valuation. Accordingly, we are reporting on an objective and unbiased basis.

1.9. Valuer Details and Inspection

The due diligence enquiries referred to below were undertaken by Andy Garratt BA FRICS FCIH and Gabriel Symington BA MSc MRICS. The valuations have also been reviewed by Catherine Wilson BSc (Hons) MRICS.

A representative sample of the properties was inspected externally in August 2021 by three surveyors: Richard Hague, Bob Hill, and Tayab Dad of Savills.

Andy Garratt BA FRICS FCIH and Catherine Wilson BSc (Hons) MRICS are also RICS Registered Valuers. 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.

1.10. Extent of Due Diligence Enquiries and Information Sources

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 our report below.

In summary, Optivo has provided the following:

- ↳ Property schedule including addresses, current rents, and property types.

1.11. 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 2020 together, where applicable, with the UK National Supplement effective 14 January 2019, together the “Red Book”.

2. The Properties

2.1. The Properties

2.1.1. Location and Description

The Properties to be valued comprise 282 units which reside in the local authorities detailed in the table below.

Table 1: Stock Location by Local Authority and Property Type

Local Authority	Houses & Bungalows	Flats & Maisonettes	Total	Spread
Arun	17	0	17	6.0%
Birmingham	10	0	10	3.5%
Bromley	1	6	7	2.5%
Daventry	5	0	5	1.8%
Enfield	39	20	59	20.9%
Greenwich	12	44	56	19.9%
Merton	0	34	34	12.1%
Northampton	4	0	4	1.4%
Tower Hamlets	0	58	58	20.6%
Wandsworth	5	9	14	5.0%
Worthing	18	0	18	6.4%
Total	111	171	282	100%

Source: Optivo

The stock is a mixture between 39% houses and bungalows, and 61% flats and maisonettes. The majority of the stock is spread across London and the South East with a small selection in the East and West Midlands.

A selection of photographs is at **Appendix 4**. The spread of the stock is shown by the map at **Appendix 5**.

2.1.2. Property Types

The properties can be summarised by type and tenancy type / tenure as follows:

Table 2: Use Category and Rent Type by Property Type

Use Category – Rent Type	Houses & Bungalows	Flats & Maisonettes	Total
General Needs – Social Rent	97	93	190
General Needs – Affordable Rent	7	36	43
Shared Ownership – Intermediate Rent	7	37	44
Supported Needs – Social Rent	0	5	5
Total	111	171	282

Source: Optivo

Please refer to **Appendix 1** for a full summary breakdown of all of the schemes and property types, together with summary rental income data. **Appendix 2** includes a full list of the properties.

2.1.3. Condition

As instructed, we have not carried out a structural survey. However, we can comment, without liability, that during the course of our inspections for valuation purposes, we observed that the Properties appear to be generally in sound condition. 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. The report is prepared on this assumption.

2.1.4. 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. We recommend your legal advisors confirm any deleterious materials, including asbestos, that may have been present, have either been removed or safely encapsulated in accordance with relevant legislation.

2.1.5. Services

No detailed inspections or tests have been carried out by us on any of the services or items of equipment, therefore no warranty can be given with regard to their purpose. We have valued the Properties on the assumption that all services are in full working order and comply with all statutory requirements and standards.

2.2. Environmental Considerations

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.

2.3. Energy Act 2011

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.

2.4. Fire

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. Optivo have informed us that they are currently 'in the process of carrying out new FRAs on all our properties and bringing everything up to the relevant standard'.

Optivo confirm that none of the properties are deemed high-rise or have any cladding issues. Although we note that there are some multi-storey / multi-occupancy buildings, Optivo have confirmed that none of the units in the portfolio contain Aluminium Composite Material (“ACM”), Metal Composite Material (“MCM”) or High Pressure Laminate (“HPL”) panels.

2.4.1. Multi-Storey, Multi-Occupancy Buildings

Following the Grenfell Fire tragedy in June 2017, the Ministry of Housing, Communities and Local Government (MHCLG) published ‘Advice for Building Owners of Multi-Storey, Multi-Occupied Residential Buildings’ (the consolidated advice note (CAN)) in January 2020. The CAN outlines the advice of the MHCLG’s Independent Advisory Panel on building safety for owners of domestic residential blocks of flats and extends the scope of previous advice, covering external wall systems, including balconies and other attachments, and applies to all buildings irrespective of height.

Following publication of the MHCLG’s advice the RICS produced a Guidance Note ‘Valuation of properties in multi-storey, multi-occupancy residential buildings with cladding’ 1st edition, March 2021 (the RICS Guidance Note), which came into effect on 5th April 2021. In forming our opinion of value we have had regard to both the CAN and the RICS Guidance Note.

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 31: Multi-Storey, Multi-Occupancy Buildings

Scheme	Storeys	Units	Description	EWS1 Provided?	Remediation Costs Provided?	Sufficient to Value?
Cowan House	10	44	Part-timber cladding Stacked balconies	Yes	-	B1 (Yes)
All Saints Close	4 – 5	58	Part-timber / render cladding Timber weatherboarding Stacked balconies	-	£750,000	Yes
Total	4 – 10	134	-	1	1	Yes

Source: Savills & Optivo

2.5. Town Planning

In the context of this valuation it is not practical to make planning enquiries for all the properties. We have therefore assumed that there are no pending planning applications or other planning issues likely to adversely affect the subject properties. We have not made specific planning enquiries for each site.

We have also assumed that the relevant consent for any extensions and alterations works to the properties have been obtained and fully complied with. We advise that your solicitors confirm the properties are currently being used in line with their consented planning use and that construction fully met building regulation requirements.

2.6. Title and Tenure

2.6.1. Title

We have been provided with final Certificates of Title, sent to us by Capsticks on 24 September 2021 and received a Report on Title from Winckworth Sherwood on 29 September 2021, prepared in discussion with Prudential. A review has been conducted of both, and the legal disclosures therein have been factored into our advice of the appropriate valuations bases for each title across the portfolio for secured lending, as well as our opinions of value.

Appendix 2 provides a breakdown of these designations on an individual unit basis and details of the units that should be restricted to EUV-SH or eligible for MV-STT.

2.6.2. Tenancies

We have been supplied with copies of the Borrower's standard tenancy agreements and confirm all are in a standard format with typical terms and conditions.

2.6.3. Shared Ownership Leases

We have not been supplied with copies of the Borrower's standard shared ownership leases but assume all of which are in a standard format with typical terms and conditions. We assume the leaseholder is responsible for all repairs and the lease allows staircasing by the leaseholders whereby they can purchase additional blocks of equity at market value.

Full details of the rents payable and the equity held by the Borrower are set out in **Appendix 2**.

2.7. Lotting

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

2.8. Rental Income

The net annual rental income currently produced by the properties and the average net rent levels currently let to the properties is displayed in **Table 3** below, as derived from the property schedule sent to us by the Borrower:

Table 3: Total Net Rental Income

Tenure Type	Sum of Net Rent	Average of Net Rent
General Needs – Social Rent	£22,392.88	£117.86
General Needs – Affordable Rent	£8,715.80	£202.69
Shared Ownership – Intermediate Rent	£7,047.43	£160.17
Supported Needs – Social Rent	£699.97	£139.99
Total	£38,856.08	£137.79

Source: Optivo

3. Market Commentary

3.1. General Summary

3.1.1. Economy

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. 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.

In 2021, we have seen the acceleration of Covid vaccine programmes and the opening up of economies which has boosted economic growth, especially in China, the US and the developed world. Overall, although global growth is up, on the whole, some countries are doing less well. In many countries, including the US and the UK, Covid support programmes and other spending plans has pushed government borrowing to reach its highest levels since World War II. Equity markets are generally positive and interest rates are relatively stable although they have experienced some volatility over the last year. Energy and commodity prices continue to rise and inflation rates have picked up.

Unemployment is expected to rise much less than previously expected, and some sectors are experiencing staff shortages. In the UK, labour shortages are exacerbated by post-Brexit emigration. Central bankers in the UK, US and Europe are beginning to talk about some tapering of their respective asset purchase programmes. An interest rate rise, however, may not be forthcoming anytime soon, despite the recent inflationary pressures, which many central banks believe to be transient. Short-term and long-term interest rates remain low, while investor appetite for quality assets, especially housing association debt, is as strong as ever.

3.1.2. Residential Property Market

The pace of change in the UK housing market has been surprising over the last sixteen months. For seven and a half weeks from 23 March to 13 May 2020, the housing market was effectively in lockdown and transaction activity was severely suppressed. Since reopening, several factors caused a wave of activity in the market. Behavioural changes have encouraged some occupiers to trade up the housing ladder, incentivised by the stamp duty holiday, while others have either already moved or are looking to move as they reassess their work-life balance. In addition, there was residual pent up demand in the market following the previous lockdowns. Total growth for 2020 was 7.3%, the highest in six years and unlike the pattern seen in any other recessionary period.

Indeed, Savills latest Housing Market Update (September 2021) reports House prices rose by 2.1% in August according to Nationwide, more than offsetting last month's fall of -0.6%. This brings annual house price growth to 11.0%, supporting our view that price growth will remain strong this year and on track to surpass our forecast of 9.0%.

Only 82,110 transactions were recorded in July, down from the 213,000 recorded in June. This is a monthly fall of 62%, and put transactions 22% below the 2017-19 average for the month. This shows the distorting effect of the stamp duty holiday, with the first and most significant deadline now passed. We expect a smaller spike in September before the next deadline, as buyers can still save up to £2,500, but not to the same magnitude as the June distortion. Mortgage data suggests activity will remain strong, with 2021 seeing 28% more mortgage approvals compared to this time 2019.

Demand has started to soften, but remains above supply. The latest RICS survey shows demand falling, but it remains above the level of new instructions, which have already been falling for four months. This supply-demand mismatch is echoed by TwentyCI, who reported sales agreed in August to be 9% above the 2017-19 average, while new instructions are 19% below. The gap between supply and demand will continue to be a key driver of price growth.

3.1.3. Social Housing and Residential Investment Markets

The impact of the Covid-19 pandemic on sales transactions between Registered Providers has been limited. Registered Providers are working hard to support and safeguard their tenants and staff at this time. Thorough stress testing has been carried out with particular focus on rent arrears and bad debts, voids and operational costs, with some business plans updated, but impacts are expected to be relatively limited and many paused repair and development programmes have now restarted. Sales transactions have still continued over the past six months, market activity remains steady, and there has been no discernible impact on pricing. Activity in the residential investment market has gradually resumed over the past three months and increasing transaction volumes are taking place at pre-pandemic pricing / yields. Rent collection and occupancy rates are also at pre-pandemic levels. There remains some uncertainty, however, over market activity and house price growth in 2021.

3.2. Residential Property Forecasts

3.2.1. Market Values

Savills' most recent house price forecasts (July 2021) suggest UK mainstream house price growth forecast +9.0% in 2021. The average UK house price has continued to rise strongly in 2021, increasing by +5.6% in the first six months of the year according to the Nationwide Index. Despite the rush of activity prior to the stamp duty deadlines of March and June, we are continuing to see elevated levels of demand against the backdrop of limited supply.

Our latest five-year price forecast for mainstream residential property is shown in **Table 4** below.

Table 4: UK 5-Year Mainstream Residential Property Price Forecasts – % per annum

Region	2021	2022	2023	2024	2025	5-Year
London	7.0%	2.0%	1.5%	1.0%	0.5%	12.4%
South East	9.0%	3.0%	2.5%	2.0%	1.5%	19.1%
East of England	8.0%	3.0%	2.5%	2.0%	1.5%	18.0%
South West	8.5%	3.5%	3.0%	2.5%	2.0%	20.9%
East Midlands	9.0%	4.0%	3.5%	3.0%	2.5%	23.9%
West Midlands	9.0%	4.0%	3.5%	3.0%	2.5%	23.9%
North East	8.0%	4.0%	3.5%	3.5%	3.0%	23.9%
North West	10.5%	4.5%	4.0%	3.5%	3.0%	28.0%
Yorkshire and The Humber	10.5%	4.5%	4.0%	3.5%	3.0%	28.0%
Wales	10.0%	4.0%	4.0%	3.5%	3.0%	26.8%
Scotland	9.5%	4.0%	3.5%	3.0%	2.5%	24.4%
UK	9.0%	3.5%	3.0%	2.5%	2.0%	21.5%

Source: Savills

This imbalance looks set to maintain growth for the second half of the year meaning we expect annual house price growth across the UK as a whole to end 2021 at 9.0% and transactions to exceed 1.6m for the first time since the credit crunch.

We expect transaction levels to diminish gradually over the remainder of this year as government support for both the housing market and the wider economy is withdrawn. However, the pace at which sales continue to be agreed suggests that national

transaction levels will still end the year at circa 1.62m. That is roughly 35% higher than the average for the five years prior to the pandemic, despite an acknowledged shortfall of available supply to meet demand.

Affordability limits have become embedded by the stress testing of mortgage affordability at a borrower level and the caps on lending at high loan-to-income ratios that were introduced by regulators to ensure responsible lending. They are one of the key reasons behind our expectation that price growth in the period 2022 to 2025 will be in the order of 11%-12%. They also indicate limited capacity for further price growth at the end of this period, without substantially affecting who is able to buy and the number of potential transactions.

3.2.2. Market Rents

The Government has extended notice periods for evictions to 6 months and confirmed no evictions will be enforced in local lock-down areas. No direct financial support for tenants has been given to date. However rental values tend to be more resilient than capital values during a downturn, and Savills Research expect rents to remain relatively resilient in the coming months and years. There may be modest falls in private sector rents paid over the next year as rental growth generally shows a correlation with income growth, with growth accelerating again as income growth returns.

Savills UK Housing Market Update (August 2021) reports rent increased 1.2% in the year to July, according to the ONS. Rental growth has been particularly strong in the East Midlands and South West, both up 2.5% annually.

There are signs of confidence returning to the London rental market. Rents fell only marginally by -0.1% in the year to July, according to the ONS. However, data from the HomeLet Rental Index, which is more responsive to a quickly changing market, recorded rental growth of 3.6% from July to August and an annual variance of 4.1%.

Our latest five-year rental forecast for mainstream residential property is also shown in **Table 5** below.

Table 5: UK 5-Year Mainstream Residential Property Rental Forecasts – % per annum

Region	2021	2022	2023	2024	2025	5-Year
UK Rental Growth	0.8%	4.5%	3.7%	3.5%	3.5%	17.0%
London Rental Growth	1.5%	5.5%	4.0%	3.5%	3.5%	19.3%
UK Excluding London Rental Growth	0.4%	4.0%	3.5%	3.5%	3.5%	15.9%
UK Income Growth	0.5%	5.2%	3.8%	3.5%	3.3%	17.3%

Source: Savills

During the vaccination programme roll out we have seen the mainstream market progressively normalise; reversing some of the Covid-19 pandemic specific trends seen in 2020. In time, we expect rental growth to become primarily dictated by growth in incomes, much as it has done in the past. But, given the prospects for the wider economy, we foresee a period when the mainstream rental market remains price sensitive, to be followed by a burst of stronger rental growth we expect for 2022.

Please refer to **Appendix 3** for a full, detailed market commentary.

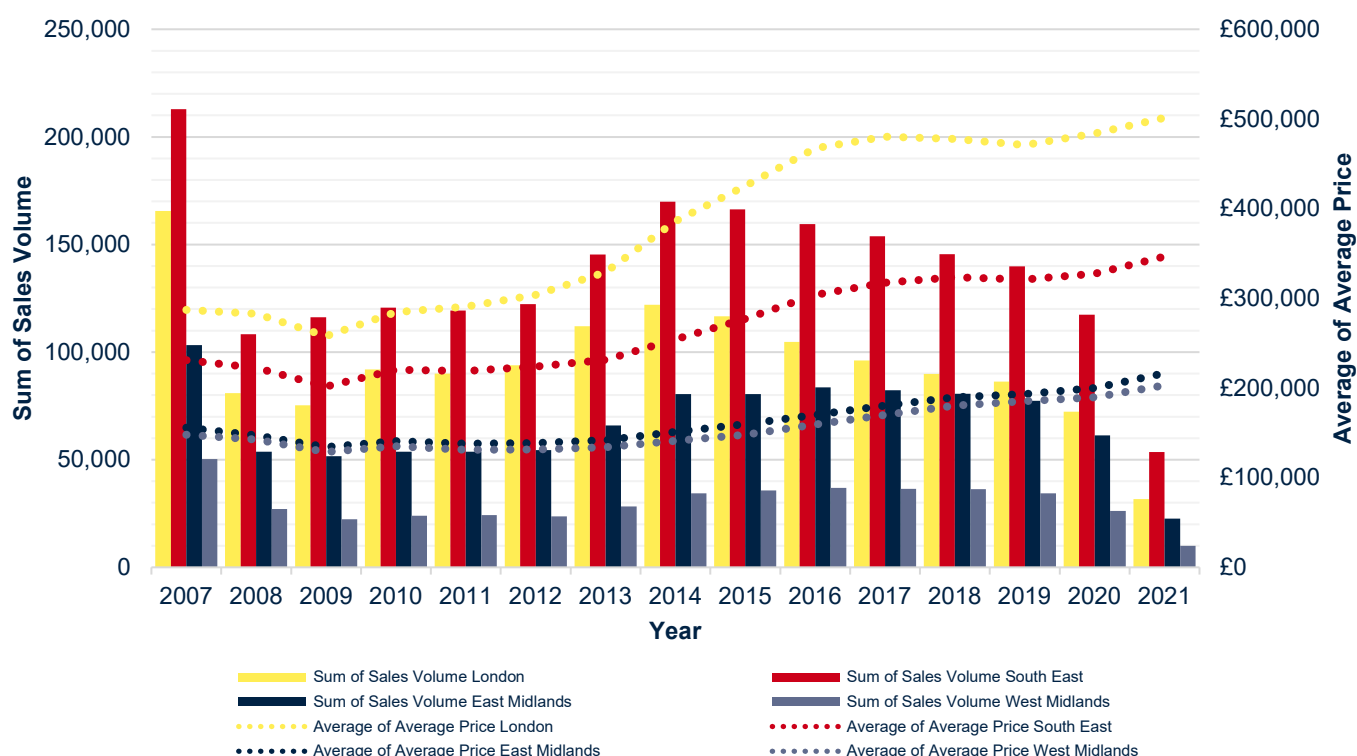
3.3. Local Market Conditions

In common with most of the UK, the housing market in the local authorities where the subject stock is located all suffered difficult market conditions and falling values after the Global Financial Crisis as a result of poor economic conditions. The market began to recover in 2009 when average prices began to rise. Sales transactions and average prices dipped again slightly over the course of 2011 and 2012 but by 2013 average prices and sales volumes began to climb strongly in tandem. This consistent price and transaction growth continued until 2016 when certainly the more metropolitan local authority areas witnessed curbing price growth and falling sales transactions in response to Brexit uncertainties and global economic turbulence, and the more rural local authorities shortly followed suit throughout 2017.

Price growth did steadily continue however, despite the deceleration. 2020 saw average prices climb steeply and sales volumes fall considerably as a result of the arrival of the global Covid-19 pandemic to the UK. 2021 has seen average prices continue to grow strongly thus far as the values are buoyed by the Stamp Duty Land Tax relief. The SDLT holiday culminated at the end of June 2021 but only now is the aftermath on how this has affected buyer demand, average prices, and sales transactions clear. The latest available data recorded by the Land Registry from July 2021, shows that average prices fell in all four regions except the West Midlands which saw average prices rise fractionally. The latest transactional numbers are from May 2021 so the effect on sales volumes remains mostly unknown, however, agents nationwide are testifying that sales have noticeably decreased since.

This is illustrated by the Land Registry data in **Graph 1** below.

Graph 1: Sales Volume and Average Property Price – January 2007 - July 2021



Source: HM Land Registry

3.4. Market Values Subject to Vacant Possession (MV-VP)

Table 6 below displays the average market values by property type and bedroom number for the properties within the valuation.

Table 6: Average Market Values by Property Type and Bedroom Number

Savills Property Type	Bedrooms	Average MV-VP	Units
Houses and Bungalows	2	£285,893	28
	3	£340,522	67
	4	£484,375	16
Average MV-VP of all Houses and Bungalows		£347,477	111
Flats and Maisonettes	1	£361,818	66
	2	£398,247	77
	3	£507,174	23
	4	£495,000	5
Average MV-VP of all Flats and Maisonettes		£401,667	171

Source: Savills

The average MV-VP across the whole stock of 282 units is **£380,337**. Apportioned values can be found at **Appendix 2**.

3.5. Market Rents (MR)

Table 7 below displays the average market rents by property type and bedroom number for the properties within the valuation.

Table 7: Average Market Rents by Property Type and Bedroom Number

Savills Property Type	Bedrooms	Average MR per week	Units
Houses and Bungalows	2	£262.71	28
	3	£324.80	67
	4	£396.06	16
Average MR of all Houses and Bungalows		£319.41	111
Flats and Maisonettes	1	£284.27	66
	2	£315.73	77
	3	£384.28	23
	4	£415.38	5
Average MR of all Flats and Maisonettes		£315.72	171

Source: Savills

The average MR across the whole stock of 282 units is **£317.17** per week. Apportioned rents can be found at **Appendix 2**.

4. Valuation Advice

4.1. Existing Use Value For Social Housing (EUV-SH) – Valuation Approach

4.1.1. Valuation Methodology

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 assumes rents will remain affordable to those in low paid employment and that all vacant units 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.

4.1.2. Principal DCF Variables

The DCF assumptions are derived from information received from Optivo and economic data. **Table 8** below displays our principal assumptions with detailed discussion on discount rates, adopted rent levels, and rental growth contained in the following sections.

Table 8: DCF Variables

DCF Variable	Amount	Year	Variable Unit	Source
Average Current Rent	137.79	Current	£ pw	Optivo
Average Social Rent	118.42	Current	£ pw	Optivo
Average Affordable “Convergence” Rent	126.13	Current	£ pw	Savills
Average Affordable Rent	202.69	Current	£ pw	Optivo
Voids and Bad Debts	2.00	All Years	% of debit	Optivo / Savills
Turnover	5.00 – 6.00	All Years	% pa	Optivo / Savills
Management Costs	800 – 900	All Years	£ pu / pa	Optivo / Savills
Cyclical & Responsive Maintenance Costs	800	All Years	£ pu / pa	Optivo / Savills
Programmed Maintenance Costs	1,000	All Years	£ pu / pa	Optivo / Savills
Rental Inflation (2.00 in perpetuity)	2.60	Year 1	% real pa	Savills
	2.10	Year 2	% real pa	Savills
	2.10	Year 3	% real pa	Savills
	2.00	Year 4	% real pa	Savills
	2.00	Year 5	% real pa	Savills
Maintenance Cost Inflation (1.00 in perpetuity)	0.75	Year 1	% real pa	Savills
	-0.25	Year 2	% real pa	Savills
	0.65	Year 3	% real pa	Savills
	0.65	Year 4	% real pa	Savills
	1.00	Year 5	% real pa	Savills
Programmed Cost Inflation (0.50 in perpetuity)	1.25	Year 1	% real pa	Savills
	1.25	Year 2	% real pa	Savills
	1.90	Year 3	% real pa	Savills
	1.90	Year 4	% real pa	Savills
	0.50	Year 5	% real pa	Savills

4.1.3. Discount Rate

There is no hard-and-fast rule for determining the most appropriate rate to be adopted in a discounted cash flow. 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 property in question. 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 representative of both the long-term cost of borrowing for an acquiring organisation and the risks implicit in the property portfolio concerned. The current level of long-term interest rates and the overall cost of funds must be 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 margin for risk needs to be considered on a case-by-case basis, having regard to the nature of the stock.

Currently, the yield on 30-year Gilts is around 1.27%. This is in effect the risk free discount rate. Yields on Housing Association long dated, rated and unrated bonds are running typically around 1.80% to 2.00% (Source: Social Housing July 2021)

Table 9 below shows the activity in the bond market since January 2021.

Table 9: Rated Bonds

Date	RP	Sustainability Type	Years	Notional Raised £	Coupon Rate %	Spread %
July 2021	Metropolitan	Sustainable Loan (UoP)	15	250,000,000	1.88	1.15
July 2021	Anchor Hanover	Sustainable Loan (UoP)	30	450,000,000	2.00	0.95
July 2021	Flagship Group	Sustainable Loan (UoP)	40	250,000,000	1.88	0.95
May 2021	Notting Hill Genesis	Sustainable Loan (UoP)	15	250,000,000	2.00	1.00
May 2021	Beyond Housing	Sustainable Loan (UoP)	30	250,000,000	2.13	0.90
May 2021	Paradigm Housing	Sustainable Loan (UoP)	30	350,000,000	2.25	0.88
April 2021	PA Housing	Sustainable Loan (UoP)	15	400,000,000	2.03	0.87
March 2021	Onward Homes	-	32	350,000,000	2.13	0.88
February 2021	LiveWest	-	35	250,000,000	1.90	0.90
January 2021	Aster Group	Sustainable Loan (UoP)	15	250,000,000	1.41	0.80

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.

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 4-5%, reflecting the availability of long term finance from the capital markets but also future refinancing risk.

Given the sustained reduction in funding costs our view is that for good quality, generally non-problematical stock, a discount rate between 4.0% and 4.5% 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 4.5% to 5.0% real. On the other hand, exceptional stock could be valued at rates around 3.5% to 4.0% real. We would stress our cashflows are run in perpetuity and not over 30 years.

We have adopted a discount rate of 4.50% – 5.75% real over an assumed CPI inflation rate of 2.00%. This is the rate applied over the cashflow run in perpetuity.

For your information our valuation implies a real discount rate over a 30 year cashflow of 2.12% minimum – 2.97% maximum.

4.1.4. 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 new Rent Policy Statement has applied 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 charged stock are set out below, along with the current formula rents and our assessed sustainable affordable rent or “convergence” rent. We have adopted the convergence rents in our valuation.

Table 10: Average Current, Formula and Convergence Rents 2021 / 2022 (£ per week – 52 weeks)

Type	Estimated Tenant Household Incomes	Net Rent	Savills Maximum Convergence Rent	Savills Convergence Rent Affordability Ratio	Market Rent
House	£484.00	£137.96	£143.84	30.52%	£314.55
Flat	£561.07	£128.09	£134.97	24.29%	£311.95
Average	£517.67	£133.65	£139.97	27.80%	£313.41

Source: Optivo & Savills and Shared Ownership units where applicable

We have assumed all rents will converge to our convergence rent in 2-5 years’ time depending on the location, use category, and rent type of the stock. The annual rent increases have been limited to 3% per annum nominal.

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 2.72% per annum over the next 10 years in the local authorities where the stock is located. We have therefore assumed that after they have converged rents will increase at CPI+1% per annum.

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

4.1.5. 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 43 Affordable Rent units within the stock. The current average rent for these units is £202.69 per week. This is about 32% higher than the target rents on the same properties. These units 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+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 local authorities where the stock is located are currently around 2.6% per annum. We have therefore assumed that rents will increase at CPI+1% per annum.

4.2. Market Value Subject to Tenancies (MV-STT) – Valuation Approach

4.2.1. Valuation Methodology – 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 units, 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 units 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 50% 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 Residential Investment market is currently active and having discussed the portfolio with agents active in the market we expect that the properties would attract good demand if brought to the market.

Recent sales evidence which is relevant to this valuation includes the following transactions:

Table 11: Residential Investment Sales Evidence

Portfolio Description	Properties	Transaction Date	Price Per Unit Achieved	Gross Yield %	Net Yield %
Lewisham Gateway (London)	527	Jan-20	£479,696	4.04%	2.63%
Southampton (South East)	132	May-18	£204,545	6.50%	4.88%
Ashby DLZ (East Midlands)	9	Dec-18	£196,386	5.19%	3.38%
Jewellery Quarter (West Midlands)	259	Jan-19	£231,660	5.67%	3.68%

Source: Savills

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

4.2.2. Principal Assumptions

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

Table 12: MV-STT Assumptions

Variable	Variable	Year	Amount
Gross Annual Rental Income	£	Current	3,806,820
Void & Bad Debts	% of rent debit per annum	All years	5
Management	% of rent debit per annum	All years	10 – 15
Maintenance	% of rent debit per annum	All Years	15
Gross Yield Applied	%	All Years	5.23 – 11.90
Net Yield Applied	%	All Years	3.66 – 7.74

Source: Savills – Market Rent assumed

4.3. Shared Ownership – Valuation Approach

4.3.1. General

Optivo have a portfolio of 44 properties subject to Shared Ownership leases in charge. They retain around 68% of the equity in their units, overall. Please see **Appendix 2** for details of the properties, shares held and rental income produced.

4.3.2. 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 4.25% real to the rental income stream and a discount rate of 5.00% real to our assumptions of vacant sales, reflecting the very secure nature of Shared Ownership income.

4.3.3. Principal DCF Variables and Assumptions

Our principal valuation assumptions are as follows:

Table 13: Shared Ownership Assumptions

Variable	Variable	Year	Amount
Average Current Rent	£	Current	160.17
100% Average Indicative Current Rent	£	Current	230.46
Retained Equity Share	%	Current	68
100% Indicative MR	£ per week, 100% before adjustments for share	Current	337.50
100% Indicative MV-VP	£, 100% before adjustments for share	Current	447,159
Management	£	All years	150

Source: Savills

5. Valuations

5.1. Valuations

Our valuations are as follows. Please note that this summary must only be read in conjunction with the rest of this report and all Appendices.

5.1.1. Existing Use Value – Social Housing (EUV-SH) – Rented Properties

The aggregate EUV-SH, where applicable, of the freehold or long leasehold interest in the 68 (excluding 44 Shared Ownership) units for loan security purposes is:

£7,794,000
(Seven Million, Seven Hundred and Ninety Four Thousand Pounds)

5.1.2. Market Value – Subject to Tenancies (MV-STT) – Rented Properties

The aggregate MV-STT, where applicable, of the freehold or long leasehold interest in the 170 (excluding 44 Shared Ownership) units for loan security purposes is:

£37,453,500
(Thirty Seven Million, Four Hundred and Fifty Three Thousand, Five Hundred Pounds)

Those figures must not be used as a basis for lending until your lawyers have confirmed clear title to us.

5.1.3. Market Value – Subject to Shared Ownership Leases (MV-SOL) – Shared Ownership Properties

The aggregate MV-SOL / EUV-SH of the freehold or long leasehold interest in the 44 units for loan security purposes is:

£9,944,065
(Nine Million, Nine Hundred and Forty Four Thousand, and Sixty Five Pounds)

For the avoidance of doubt, the MV-SOL of shared ownership properties is equivalent to their EUV-SH.

5.1.4. Effective Asset Value – All Properties

The effective asset value of the freehold or long leasehold interest in the entire 282 units for loan security purposes is therefore:

£55,191,565
(Fifty Five Million, One Hundred and Ninety One Thousand, Five Hundred and Sixty Five Pounds)

5.1.5. Valuation Summary

Table 14: Valuation Summary

Value Group	Units	MV-VP 100% Indicative	EUV-SH All Stock	EUV-SH Where Applicable	MV-STT Where Applicable	Effective Asset Value
Lon GN AFF	1	£375,000	£151,000	£0	£273,000	£273,000
Lon GN SOC	21	£9,625,000	£2,256,000	£904,000	£4,172,000	£5,076,000
SE GN AFF	19	£9,050,000	£2,777,000	£1,092,000	£3,642,000	£4,734,000
SE GN SOC	86	£26,075,000	£6,925,000	£1,748,000	£12,365,000	£14,113,000
Mids GN SOC	19	£3,740,000	£1,343,000	£0	£2,847,000	£2,847,000
Sup	5	£1,550,000	£440,000	£440,000	£0	£440,000
GN Clad etc	87	£37,165,000	£8,140,000	£3,610,000	£14,154,500	£17,764,500
Subtotal	238	£87,580,000	£22,032,000	£7,794,000	£37,453,500	£45,247,500
SO	29	£13,020,000	£6,589,000	£6,589,000	£0	£6,589,000
SO Clad etc	15	£6,655,000	£3,355,065	£3,355,065	£0	£3,355,065
Nil Value	0	£0	£0	£0	£0	£0
Total	282	£107,255,000	£31,976,065	£17,738,065	£37,453,500	£55,191,565
Units	-	282	282	112	170	282

Source: Savills

5.2. Covid-19 Pandemic: Market Conditions Explanatory Note

The outbreak of Covid-19, declared by the World Health Organisation as a “Global Pandemic” on the 11 March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and “lockdowns” applied to varying degrees.

The pandemic and the measures taken to tackle Covid-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to ‘material valuation uncertainty’ as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of Covid-19 we highlight the importance of the valuation date.

5.3. Additional Advice

5.3.1. Lending Against MV-STT

With reference to section 2.4 on Tenure, 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, Section 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.

5.3.2. Indicative Aggregate Market Value assuming Vacant Possession

The aggregate Market Value of the 282 units is **£107,255,000**. This assumes the properties are available with vacant possession, but in fact, the properties are subject to tenancies and shared ownership leases. **This figure cannot therefore be regarded as a valuation suitable for lending. It is thus provided for illustrative purposes only and given with nil reliance.**

5.3.3. Indicative Reinstatement Cost for Building Insurance Purposes

You have sought from us an indication for insurance purposes of the current reinstatement cost of the building(s) in an identical form using modern materials and techniques as if it was to be totally destroyed in accordance with current Building Regulations and other statutory requirements.

This we are pleased to provide below, but must state that this is given solely as a guide as 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 property has not been inspected by such a person, and therefore the cost estimate below is provided without liability.

No allowance has been made for inflation over the policy, design or rebuilding periods, nor have we made any allowance for loss of rent. On this basis, therefore, we estimate the reinstatement cost on a day-one basis as at the date of this report is as follows:

The indicative reinstatement cost for building insurance purposes of the 282 units is **£35,135,000**.

5.4. Lotting and Value Disaggregation

We have valued the properties as a single lot (see section 2.5). 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 2**.

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.

6. Suitability, Liability & Confidentiality

6.1. Suitability as Loan Security

6.1.1. Lender'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.

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.

6.1.2. Suitability as Security

We have considered each of the principal risks associated with these Properties within the context of the wider property market and these risks are reflected in our valuation calculations and reported figures as appropriate.

Overall, we consider that the Properties provide good security for a loan secured upon it, which reflects the nature of the Properties, our reported opinions of value and the risks involved.

6.2. 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 the Bank satisfies itself 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.

6.3. Confidentiality

The valuations herein are provided for you for loan security purposes in connection with a loan to Optivo. **They cannot be relied upon for any other purpose**, including accounts valuations, disposal, stock swap, calculation of 1999 valuations for rent restructuring purposes.

In accordance with the recommendations of the RICS, this report is provided solely for the purposes stated above. It is confidential to and for the use only of the party to whom it is addressed and no responsibility whatsoever is accepted to any third party for the whole or any part of its contents. Any such parties rely upon this report at their own risk. Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.

We trust the above is acceptable for your purposes, should you have any queries, please do not hesitate to contact us.

Yours faithfully,

For and on behalf of Savills Advisory Services Limited

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

Andy Garratt BA FRICS FCIH
RICS Registered Valuer
Director

A handwritten signature in blue ink, appearing to read "C. Wilson", with a faint background pattern of small squares.

Catherine Wilson BSc (Hons) MRICS
RICS Registered Valuer
Director

Appendices

Appendix 1

Executive Summary of Valuation



OPTIVO FINANCE PLC

SEPTEMBER 2021

EXECUTIVE VALUATION SUMMARY

FINAL

Value Group	Units	MV-VP 100% Indicative	EUV-SH All Stock	EUV-SH Where Applicable	MV-STT Where Applicable	Effective Asset Value
Lon GN AFF	1	£375,000	£151,000	£0	£273,000	£273,000
Lon GN SOC	21	£9,625,000	£2,256,000	£904,000	£4,172,000	£5,076,000
SE GN AFF	19	£9,050,000	£2,777,000	£1,092,000	£3,642,000	£4,734,000
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Mids GN SOC	19	£3,740,000	£1,343,000	£0	£2,847,000	£2,847,000
Sup	5	£1,550,000	£440,000	£440,000	£0	£440,000
GN Clad etc	87	£37,165,000	£8,140,000	£3,610,000	£14,154,500	£17,764,500
Subtotal	238	£87,580,000	£22,032,000	£7,794,000	£37,453,500	£45,247,500
SO	29	£13,020,000	£6,589,000	£6,589,000	£0	£6,589,000
SO Clad etc	15	£6,655,000	£3,355,065	£3,355,065	£0	£3,355,065
Nil Value	0	£0	£0	£0	£0	£0
Total	282	£107,255,000	£31,976,065	£17,738,065	£37,453,500	£55,191,565

Appendix 2 Schedule of Properties

[illegible]

[illegible]

Appendix 3

UK Housing Market Update

UK Housing Market Update



Transactions dip in the wake of the stamp duty deadline, but house price growth remains strong

House prices rose 2.1% in August according to Nationwide, more than offsetting last month's fall of -0.6%. This brings annual house price growth to 11.0%, supporting our view that price growth will remain strong this year and on track to surpass our forecast of 9.0%.

Only 82,110 transactions were recorded in July, down from the 213,000 recorded in June. This is a monthly fall of 62%, and put transactions 22% below the 2017-19 average for the month. This shows the distorting effect of the stamp duty holiday, with the first and most significant deadline now passed. We expect a smaller spike in September before the next deadline, as buyers can still save up to £2,500, but not to the same magnitude as the June distortion.

Mortgage data suggest activity will remain strong, with 2021 seeing 28% more mortgages approvals so far compared to this time in 2019.

Demand has started to soften, but remains above supply. The latest RICS survey shows demand falling, but it remains above the level of new instructions, which have already been falling for four months. This supply-demand mismatch is echoed by TwentyCI, who reported sales agreed in August to be 9% above the 2017-19 average,

while new instructions are 19% below. The gap between supply and demand will continue to be a key driver of price growth.

First Time Buyer numbers were up 63% in June compared to June 2019. Their share of the market has fallen however, down to 25% of all mortgages from 30% in 2019. They are being held back by persistently high interest rates on higher LTV mortgages. Home mover numbers were up 144% and they accounted for 33% of the market, up from 29% in 2019.

There were higher numbers of more affluent buyers during the pandemic. Across both buyer types we've seen a greater use of equity, with the average LTV falling to 69%, down from 73% last June. So lenders are more insulated from any house price falls. The average income of both first time buyers and home movers has also increased.

The average UK rent increased 1.2% in the year to July, according to the ONS. Rental growth has been strongest in the East Midlands and the South West, both up 2.5% annually.

Annual house price growth in May was strongest in Merthyr Tydfil at 16.3%, followed by Derbyshire Dales at 15.1%. Only Aberdeen saw values falls over this period, down -0.9%.

Figure 1 House price growth to May-21 since 07/08 peak

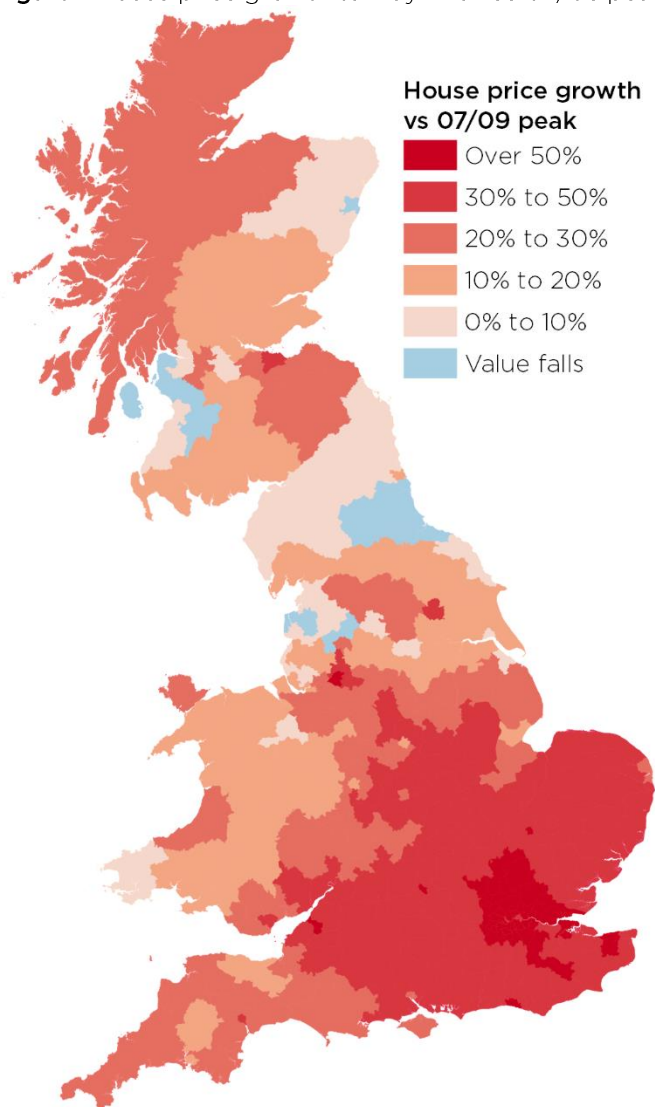
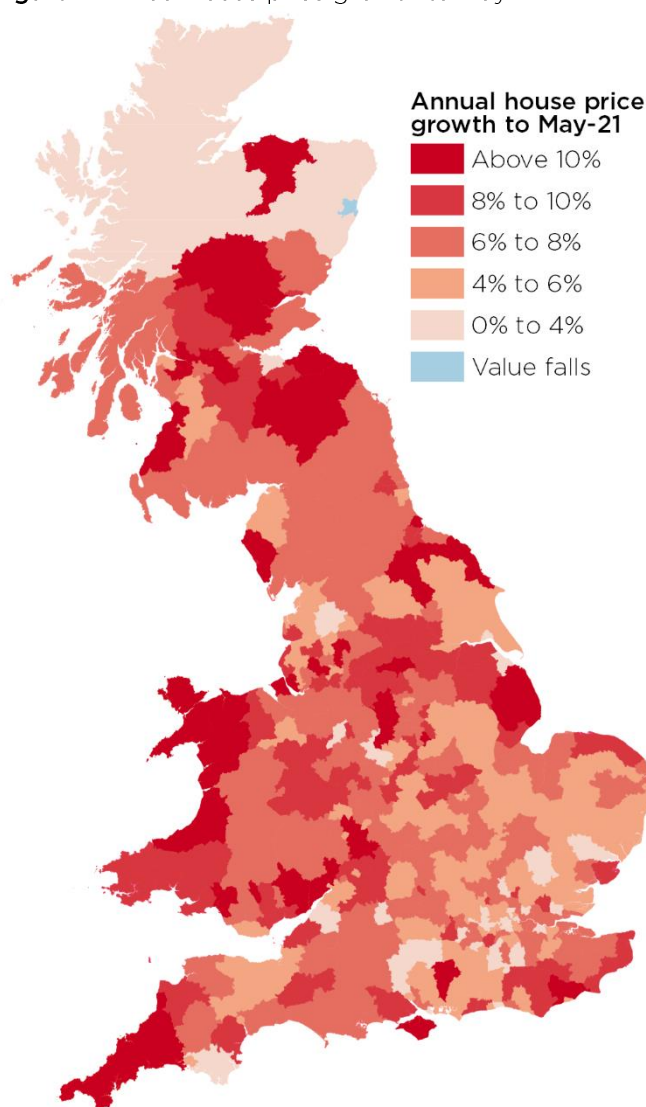


Figure 2 Annual house price growth to May-21

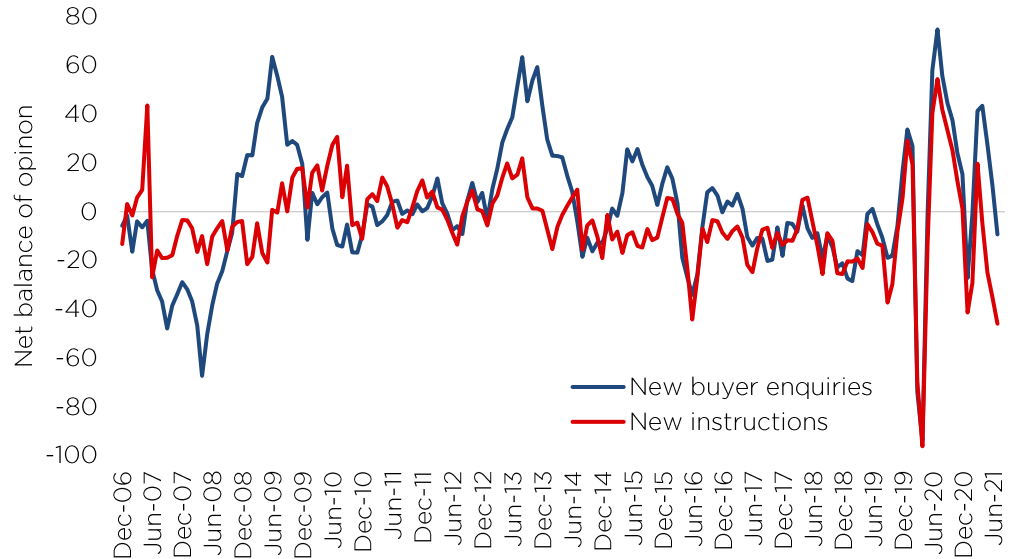


The RICS survey for July showed the majority of surveyors were reporting falling numbers of new buyer enquiries, indicating a cooling in demand following the first SDLT deadline.

The latest reading for new instructions continued its decline into negative territory, to -46, the weakest reading on record, aside from when the market was closed in March & April last year.

This continued strain on supply and only slight let-up in demand will continue to support house price growth over the coming months.

Figure 3 Surveyors report falling demand and falling supply



Source RICS (seasonally adjusted)

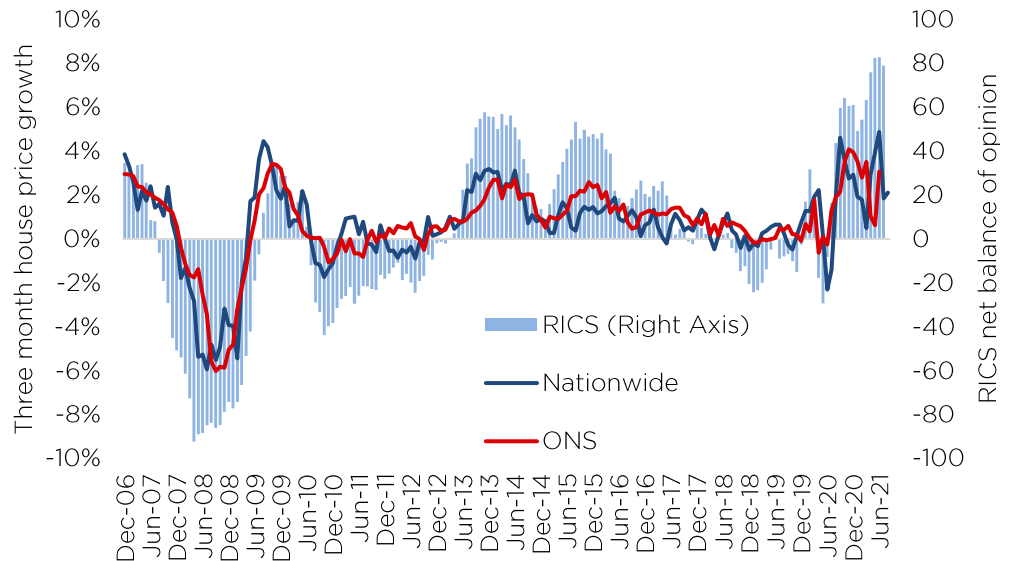
The RICS survey can be a good early indicator of house price movements, which are later picked up by other indices.

Surveyors continued to agree on rising house prices in July at +79, only marginally down on June's +83.

Nationwide reported a seasonally adjusted three month growth figure of 2.1% in August, slightly up on last month's 2.0%.

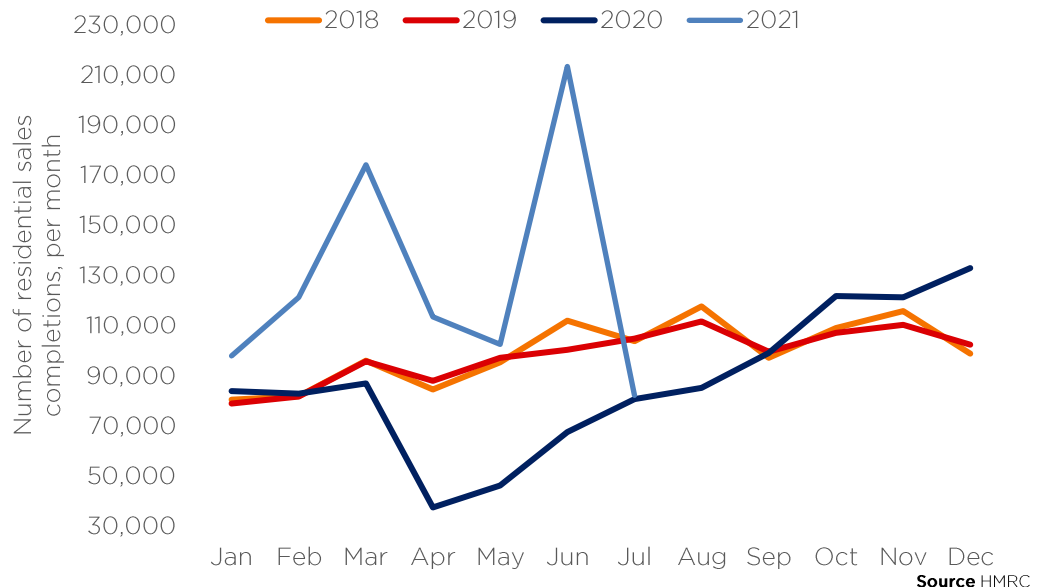
The ONS index, which tends to lag the others (being reliant on sales completions), reported a seasonally adjusted three month growth figure of 3.1% in June.

Figure 4 Value growth still strong



Source RICS, Nationwide, ONS

Figure 5 Transaction activity down in July following first stamp duty deadline



Source HMRC

Transactions in July fell to their lowest levels this year, after an incredibly strong H1. At just over 82,000, transaction levels in July 2021 were on par with July 2020, 22% down on the pre-pandemic average.

Another volatile few months for transactions is expected, as the final stamp duty holiday deadline creates a second wave of pressure for sales completions before the end of September.

Table 1 Recent house price growth

	Nationwide (Regions to Q2 2021, UK to August-21)			ONS (to June-21)			Savills (to May-21)		
	m/m	q/q	y/y	m/m	q/q	y/y	m/m	q/q	y/y
UK	2.1%	2.1%	11.0%	4.2%	3.0%	13.2%	0.2%	1.4%	7.2%
London	-	3.4%	7.2%	2.7%	0.4%	6.3%	-0.4%	-0.3%	5.1%
South East	-	3.6%	11.0%	2.3%	1.3%	10.6%	0.1%	1.0%	6.0%
East of England	-	3.3%	9.8%	4.3%	3.5%	12.1%	0.3%	1.1%	5.8%
South West	-	4.2%	10.5%	5.0%	2.8%	13.7%	0.3%	1.4%	7.2%
East Midlands	-	4.1%	12.2%	4.9%	4.2%	14.3%	0.3%	1.5%	7.0%
West Midlands	-	3.6%	12.3%	5.5%	4.6%	15.0%	0.3%	1.1%	6.7%
North East	-	4.2%	11.2%	5.0%	1.6%	15.3%	0.6%	1.6%	7.2%
Yorks & Humber	-	3.8%	13.0%	6.6%	3.7%	15.9%	0.1%	1.2%	8.0%
North West	-	3.1%	10.9%	6.1%	5.2%	18.7%	0.6%	1.7%	8.1%
Wales	-	3.0%	13.3%	4.2%	4.1%	16.7%	0.6%	2.3%	8.6%
Scotland	-	2.5%	7.0%	1.2%	1.1%	12.0%	0.3%	1.1%	7.6%

Source Savills using HM Land Registry and Registers of Scotland (6 month smoothed)*, Nationwide (seasonally adjusted), ONS (seasonally adjusted)

Table 2 House price forecasts (published July 2021)

Region	2021	2022	2023	2024	2025	5 years to 2025
UK	9.0%	3.5%	3.0%	2.5%	2.0%	21.5%
London	7.0%	2.0%	1.5%	1.0%	0.5%	12.4%
South East	9.0%	3.0%	2.5%	2.0%	1.5%	19.1%
East of England	8.0%	3.0%	2.5%	2.0%	1.5%	18.0%
South West	8.5%	3.5%	3.0%	2.5%	2.0%	20.9%
East Midlands	9.0%	4.0%	3.5%	3.0%	2.5%	23.9%
West Midlands	9.0%	4.0%	3.5%	3.0%	2.5%	23.9%
North East	8.0%	4.0%	3.5%	3.5%	3.0%	23.9%
Yorks & Humber	10.5%	4.5%	4.0%	3.5%	3.0%	28.0%
North West	10.5%	4.5%	4.0%	3.5%	3.0%	28.0%
Wales	10.0%	4.0%	4.0%	3.5%	3.0%	26.8%
Scotland	9.5%	4.0%	3.5%	3.0%	2.5%	24.4%

Savills team

Please contact us for further information

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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 4 Photographs

Photographic Schedule



Cowan House



Cowan House



Preece Apartments



Preece Apartments

Photographic Schedule



Servite House



Servite House



Cordelia Street



Cordelia Street

Photographic Schedule



Ricardo / Upper North Street



Ricardo / Upper North Street



Cordelia Street / Upper North Street



Ricardo Street / Upper North Street

Photographic Schedule



Vanneck Square



Valley Grove

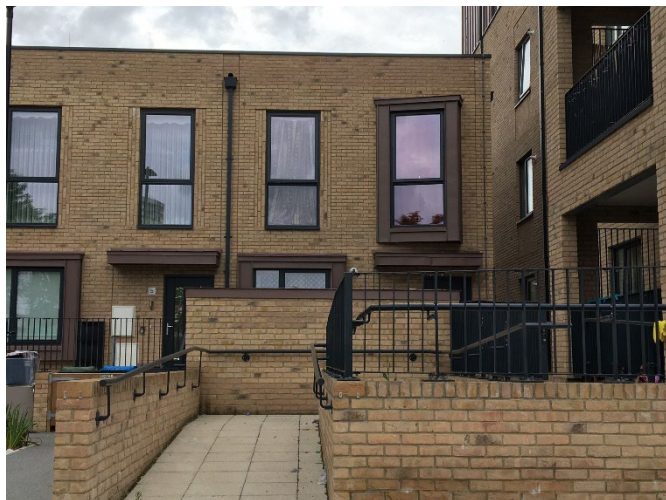


Garratt Lane



Anerley Grove

Photographic Schedule



Gardiner Close



Gardiner Close



Dickenson Close



Lacey Close

Photographic Schedule



Chiltern Crescent



Chiltern Crescent



Admirals Walk

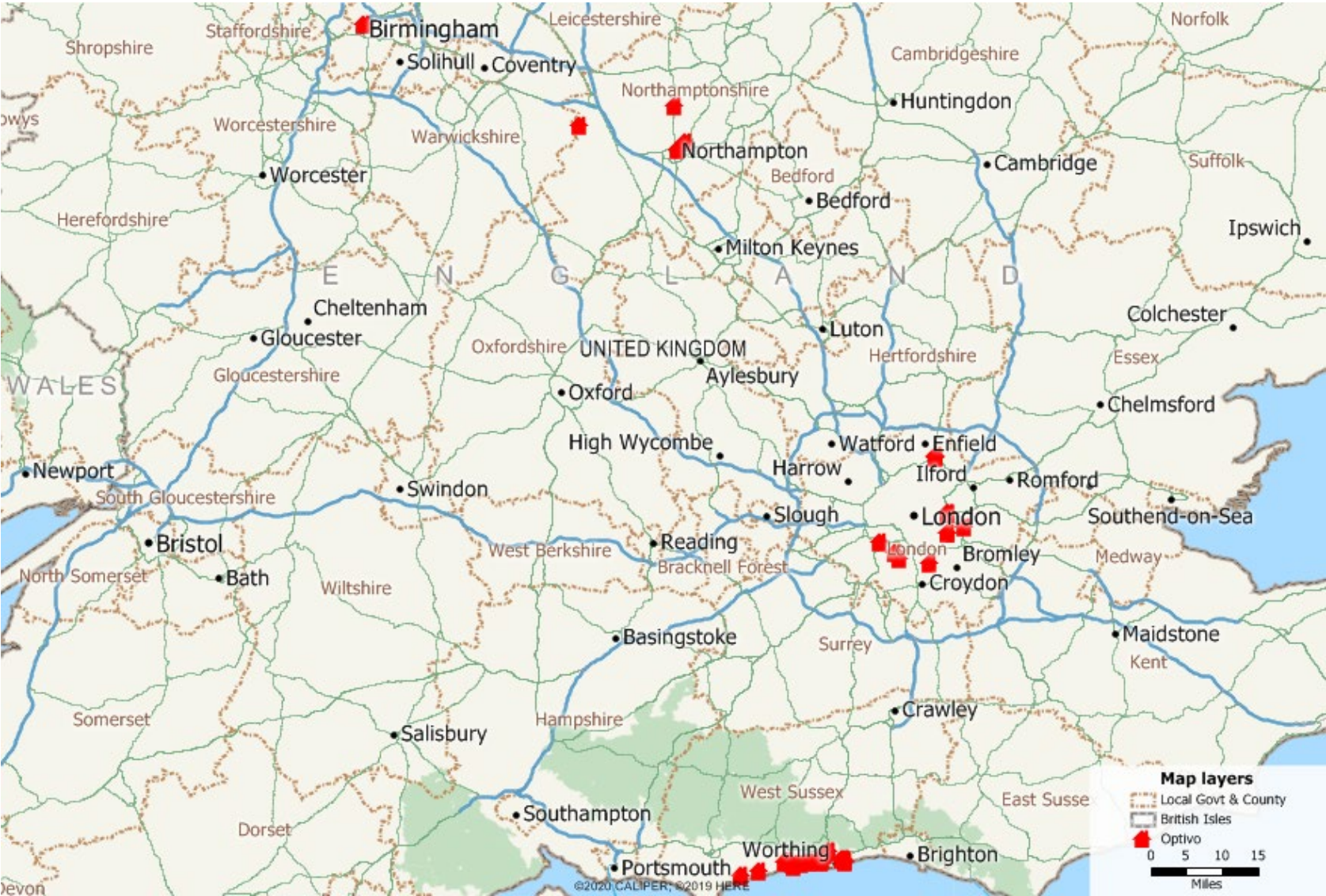


Uxbridge Street

Appendix 5

Map of Stock

Stock Location Map



Appendix 6

Confirmation of Instruction Letter

Andrew Garratt FRICS
E: AGarratt@savills.com
M: +44 (0) 780 799 9579

24 February 2022

Our Ref: 485583

33 Margaret Street, London, W1G 0JD
T: +44 (0) 20 7499 8644
savills.com

Optivo Finance plc as issuer

Grosvenor House,
125 High Street,
Croydon,
London
CR0 9XP

(the **Addressee(s)**)

For the attention of Joanne Paine, Treasury Manager

Dear Madam

BORROWER: OPTIVO FINANCE PLC
PROPERTY: 1120 RENTED PROPERTIES IN THE SOUTH EAST, LONDON AND THE MIDLANDS

CONFIRMATION OF TERMS OF ENGAGEMENT FOR THE PROVISION OF VALUATION ADVICE

1. Thank you for your correspondence dated 1 July 2021. We are grateful to you for your kind instructions to advise and now write to confirm the terms upon which Savills Advisory Services Limited (**Savills, we or us**) will provide Optivo Finance plc (**you**) with a valuation report (the **Valuation or Report**) in respect of the above property or properties (each being a **Property**).
2. Our Valuation will be undertaken on the terms set out in this letter, including its appendices.
3. Please sign and return a copy of this letter to us to confirm your acceptance of the terms set out herein. In particular, we draw your attention to the fact that when signing this letter you are confirming your agreement to the limitation of our liability set out at paragraphs 8 - 12 inclusive.
4. Please note we will be unable to formally issue our final Report to you, and you will be unable to rely upon the contents of our Report, until such time as we have received your signed copy of this letter.
5. To the extent that there is conflict or inconsistency between this confirmation of instruction letter and your correspondence referred to above, this confirmation of instruction letter will prevail.

CONFLICTS OF INTEREST

6. 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 valuers' ability to provide an impartial and independent valuation. Therefore, the valuers will report an objective and unbiased valuation.

RICS RED BOOK

7. We shall prepare our Valuation in accordance with the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2020 together, where applicable, with the UK National Supplement effective 14 January 2019, together the “Red Book”. Accordingly, we confirm that:

(a) Identification and status of the Valuer

- (i) The Valuation will be the responsibility of and the Report will be signed by Andrew Garratt FRICS, RICS Registered Valuer (the **Valuer**). The Valuer will work with colleagues as appropriate, and the Report will be counter-signed by at least one other RICS Registered Valuer.
- (ii) The Valuer has sufficient current knowledge of the particular market(s) and sufficiently developed skills and understanding to undertake the valuation competently.

We are acting as an “external valuer” as defined in the Red Book and within Appendix 1.

(b) Identification of the client and other intended users

The client is the addressee of this letter. We will address our Report to the Addressee.

(c) Identification of the asset or liability to be valued

- (i) The interest/interests to be valued is/are detailed below:

Property Address	Tenure	Use
1120 properties in the South East, London and the Midlands	Freehold/ Leasehold	Residential – Rented houses and flats

- (ii) The interest/interests will be valued subject to the current occupational agreement/agreements, details to be confirmed in our Report.

- (iii) The interests to be valued are held for Housing Association residential letting purposes.

(d) The valuation will be in pounds sterling.

(e) Purpose of the valuation

The Valuation is required for loan security (refinance) purposes. It is important that the Report is not used out of context or for the purposes for which it was not intended. We shall have no responsibility or liability to any party in the event that the Report is used outside of the purposes for which it was intended, or outside of the restrictions on its use set out at sub-paragraph (l) below.

You have instructed us to report on the suitability of the property for lending purposes. So that we may do this, please provide details of the loan. This is a Red Book requirement and we will not be able to address this question, other than in general terms, without this information.

(f) Bases of value

The basis of our Valuation will be Existing Use Value - Social Housing, the definition of which is set out at **Appendix 1** (attached).

(g) Valuation date

The Valuation dates will be September 2021 for the 282 units forming tranche 1 and December 2021 for the 838 units forming tranche 2.

Our Report will include a market conditions explanatory note. The current definition, as drafted by the RICS is set out below. It is possible the definition will be updated prior to the Valuation date and if this is the case we will include the updated version in our Report.

Market conditions explanatory note: Novel Coronavirus (COVID-19)

The COVID-19 pandemic and measures to tackle it continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly - and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

This explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential 'for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

(h) Extent of investigation

(i) We will carry out an inspection of the Property and undertake investigations to the extent necessary to undertake the Valuation. We will not carry out a structural survey or test the services and nor will we inspect the woodwork and other parts of the structures which are covered, unexposed or inaccessible.

Cladding

(ii) The building has cladding and/or balconies, but further information has not been requested about whether remediation works may be required as the building falls outside the scope of current RICS advice at the time of this valuation. However, this decision is not a guarantee that works will not be required in the future.

(i) Nature and source of information to be relied upon

(i) We will carry out our Valuation based on the information listed below:

Document/Item	Source
Stocklist Data	Optivo Finance PLC

(ii) To the extent that you have provided us with information, you agree, unless it is otherwise agreed by us in writing, we can safely rely upon the accuracy, completeness and consistency of this information without further verification and that you will not hold us responsible in the event that any dispute regarding the Valuation arises from the accuracy of such information.

(iii) Floor areas:

We will not be measuring the Property. It is agreed that we will rely on gross internal floor areas provided to us by you, if available. We will not make formal searches with local planning authorities, but shall rely on the information provided informally by the local planning authority or its officers. We recommend you instruct lawyers to confirm the position in relation to planning and that the Report is reviewed in light of advice from your solicitors in this respect.

(iv) For the avoidance of doubt, we accept no liability for any inaccuracy or omission contained in information disclosed by you or any third party or from the Land Registry or any database to which we subscribe. We will highlight in our Report where we have relied on such information.

j) Assumptions and Special Assumptions

Unless otherwise agreed, our Valuation will be reported on the basis of the general assumptions attached at **Appendix 2**, and the additional assumptions at Appendix 3.

(k) Format of Report

We will adopt the relevant Savills Advisory Services Limited valuation report template, adapted, as necessary, to accommodate your instructions.

(l) Restrictions on use, distribution or publication

(i) Our Report shall be confidential to, and for the use only of, the Addressee(s) and no responsibility shall be accepted to any third party for the whole or any part of its contents.

(ii) Neither the whole nor any part of our Report or any reference to it may be included in any published document, circular or statement, nor published, reproduced, referred to or used in any way without our prior written approval (with such approval to be given or withheld at our absolute discretion).

(iii) Notwithstanding the foregoing, we confirm that we consent in principle to the Report or a summary of our Report being included in an offering document (the Materials) in connection with the Issue of Bonds, anticipated in [date] (the Proposed Transaction), provided that:

- (A) the Report or any summary shall not be published until such time as we have first approved the form and context in which the Report or summary appears (such approval not to be unreasonably withheld or delayed) and are satisfied that the Report has been accurately reproduced or the summary is sufficiently accurate and comprehensive (as the case may be);
- (B) the Materials shall make clear that, with the exception of the Report or summary, Savills does not accept any responsibility for any part of the Materials or any other information issued by you or any other person in connection with the Proposed Transaction;
- (C) such Report or summary complies in all respects with the requirements of the Red Book and any applicable regulations or directives; and
- (D) if, in our opinion, any part of our Report becomes misleading or inaccurate between the date of issue of the Report and the date of issue of any Materials we reserve the right to withdraw our consent to your use of our Report or the summary unless and until we have made such amendments to it as we (acting reasonably and without undue delay) deem necessary or desirable, notwithstanding that our doing so may necessitate deferral of publication of the relevant materials.

(iv) At the point at which the Bond is charged, a reliance letter will be issued between Savills and all Parties.

- (v) Where any Addressee is a lender, in the event of a proposal to place the loan on the Property in a syndicate, you must notify us so that we can agree the extent of our responsibility to further named parties. If this is not done or we do not agree to be responsible to further named parties, we shall have no responsibility to any party other than the Addressee(s).
 - (vi) Draft reports, if provided, will be sent on the basis that they are provisional (i.e. subject to completion of our final report) and for your internal purposes only. They must not be published or disclosed and you will not be entitled to rely upon them for any purpose whatsoever. Savills neither owes nor accepts a duty of care to you in connection with any drafts and shall not be liable to you for any loss, damage, cost or expense of whatever nature caused by your use of or reliance on them. Should you choose to rely upon a draft you do so entirely at your own risk and you are responsible for carrying out your own independent investigations.
- (m) Confirmation that the valuation will be undertaken in accordance with IVS
- We confirm we will prepare our Valuation in accordance with the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2020 together, and where applicable, with the UK National Supplement effective 14 January 2019, together the “**Red Book**”.
- We also confirm that the valuers will assess the appropriateness of all significant inputs.
- (n) The basis on which the fee will be calculated
- (i) The agreed fee for the provision of the Valuation is as agreed in recent email correspondence.
 - (ii) Our agreed fee and any expenses, together with any VAT (at the prevailing rate) on such amounts, shall become due and payable by you to us within 30 days of us issuing you with a valid VAT invoice in respect of such amounts. In the event that our fee is not paid by the date for payment we reserve the right to charge default interest at a rate of 4% above the Barclays Bank base rate for payment.
 - (iii) In the event of our instructions being terminated at any time prior to completion of our work, a fee will become payable on a time basis (at our prevailing rates) for work carried out up to the date of termination, subject to a minimum of 50% of the agreed fee, together with all expenses incurred.
 - (iv) If we incur any expenditure on solicitors or other third parties in order to recover the fee due, such amounts will be payable by you.
 - (v) If we perform any additional services for you, we will agree an additional fee with you in respect of such services and such fee shall be payable in the manner set out above.
 - (vi) You acknowledge that you shall not be entitled to rely upon our Report until such time as our fees have been paid as detailed here.
- (o) Savills Complaints Handling Procedure
- A copy of our Client Complaints Handling Procedure can be made available to you on request.
- (p) Monitoring under RICS conduct and disciplinary regulations
- Savills Advisory Services Limited is regulated by RICS for the provision of surveying services. This means we agree to uphold the RICS Rules of Conduct for Firms and all other applicable mandatory professional practice requirements of RICS, which can be found at www.rics.org. As an RICS regulated firm we have committed to cooperating with RICS in ensuring compliance with its standards. The firm’s nominated RICS Responsible Principal is Nicola McGinnis (nmcginnis@savills.com), Chief Financial Officer.

LIMITATIONS ON LIABILITY

8. Subject to paragraph 12 below, our aggregate liability to any one, or more, or all of the Addressees or any other party who otherwise becomes entitled to rely upon the Report under or in connection with this agreement and our Valuation, however that liability arises (including, without limitation, a liability arising by breach of contract, arising by tort, including, without limitation, the tort of negligence, or arising by breach of statutory duty) shall be limited to the lower of:

- (a) 33% of the Value (as defined below) of the Property stated in our Report; and
- (b) £100m

Provided that the limitation on liability set out in paragraph 8 shall not apply in the event that an investor brings a claim against the Addressee as a result of our negligence in preparing the Valuation.

9. In paragraph 8, **Value** means:

- (a) where more than one value is stated for the same Property on different bases, the highest valuation figure recorded in our Report; and
- (b) in the case of valuations of portfolios, estates, shopping centres and other multi-unit properties within one Report, the aggregate of our valuations included in the one Report.

10. You acknowledge and agree that we shall not be liable under or in connection with this agreement and the provision of our Valuation in tort (including negligence), breach of contract, breach of statutory duty or otherwise due to, under and/or arising out of or in connection with this agreement to the extent such loss or damage is consequential, indirect, special or punitive.
11. You acknowledge and agree that none of our employees, partners or consultants individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring a claim against any such individuals personally in connection with our services.
12. Nothing in this agreement shall exclude or limit our liability for death or personal injury caused by our negligence or for any other liability that cannot be excluded by law.

INSURANCE

13. During the period that we are producing our Valuation and for a period of six years thereafter, we will maintain in force, with insurers or underwriters approved by the RICS, professional indemnity insurance in an amount not less than the amount of our liability cap, as calculated pursuant to clause 8 above and shall, on your request, produce confirmation of the same from our insurance broker.

RELIANCE

14. As stated above, we accept responsibility for our Report only to the Addressees and no third party may rely on our Report. We do not accept any responsibility to, and shall have no liability in respect of, any third parties unless otherwise agreed in writing even if that third party pays all or part of our fees, or is permitted to see a copy of our Valuation. In addition, the benefit of our Report is personal and neither you nor any other Addressee may assign the benefit of our Report to any third party without our prior written consent (with such consent to be given or withheld at our absolute discretion). You acknowledge that if we agree to extend reliance on our Report to any third party or to the benefit of our Report being assigned, we will require the relevant third party or assignee to enter into a reliance letter before such party is entitled to rely upon our Report. We will provide you with a copy of our reliance letter on request. If we agree to any such extension or assignment, we may charge you an additional fee.

15. The Addressee(s) and their assignees, who may be permitted to rely on our Report, do so subject to the terms of this engagement.

CONFIDENTIALITY

16. Neither party shall disclose any confidential information relating to the affairs, business, customers or clients of the disclosing party to any other party without the disclosing party's prior written consent except to those of the receiving party's employees, officers, representatives and/or advisors who need to know the information for the purposes of carrying out the receiving party's obligations under this agreement (save to the extent that the receiving party is compelled to disclose such information by law).
17. Our Report is confidential to and for the use only of the Addressees, but the Addressees may disclose the Report on a non-reliance and without liability basis to their directors, officers, employees and professional advisers provided the relevant Addressee procures any person to whom our Report is disclosed pursuant to this paragraph 17 keeps the Report confidential and does not disclose it to any other party.

DATA PROTECTION

18. We may use your personal information in our provision of services to you. Please see our Privacy Notice for details of how your personal information will be used. Our Privacy Notice can be found at the following web address: <http://www.savills.co.uk/footer/privacy-policy.aspx>

REINSTATEMENT COSTS

19. If you have instructed us to report on the reinstatement cost of the Property for insurance purposes, we will provide you with an approximate opinion of such cost only. You acknowledge and agree that the provision of our opinion of the reinstatement cost is provided to you strictly without liability and on a non-reliance basis. If you require a reinstatement cost figure on which you may rely, please let us know and we will ask our building surveying colleagues to provide a fee estimate.

SUB-CONTRACTING

20. We may sub-contract the provision of any services to be performed by us pursuant to this agreement (including, without limitation, to other companies that are direct or indirect subsidiaries of Savills plc) provided that we will remain responsible to you for the provision of those services and the provision of our Report. We may request that you pay any sub-contractor directly for those of our fees which relate to work carried out by the sub-contractor. In these circumstances, the fees in question are to be paid by you directly to the sub-contractor and we will be entitled to assign to the sub-contractor any rights that we have in respect of those fees.

MONEY LAUNDERING

21. You shall promptly, upon request, provide us with any information reasonably required to enable us to comply with our obligations under the Money Laundering Regulations and our internal compliance policies relating to the same. For the avoidance of doubt, searches may also be conducted on your directors and "beneficial owners" as is required by the legislation. You agree that we may retain such information and documentation for these purposes and make searches of appropriate databases electronically. If such information is not provided within a reasonable time or you do not meet the requirements set out in our relevant internal policies, we may terminate this instruction immediately upon written notice to you.
22. The provision of our services is a business in the regulated sector under the Proceeds of Crime Act 2002 and, as such, we are required to comply with this legislation which includes provisions that may require us to make a money laundering disclosure in relation to information we obtain as part of our normal work. It is not our practice to inform you when such a disclosure is made or the reasons for it because of the restrictions imposed by the 'tipping off' provisions of the legislation.

HEALTH AND SAFETY

23. If we are undertaking physical inspections of the Property, you shall take reasonable steps to procure that the owner and/or occupier of the Property: (a) advises us of any hazards to which our staff may be exposed at the Property (b) provides us with any relevant health and safety policies and (c) arranges for any site visits to the Property to be hosted by a representative of the owner/occupier of the Property.

JURISDICTION

24. This agreement and any dispute arising from the Valuation is subject to English jurisdiction and law.

APPENDICES

25. Your attention is drawn to the attached appendices which form part of the agreement between us and on which our Valuation will be reported. By signing a copy of this letter you are also confirming your agreement to them.

Yours faithfully,

A handwritten signature in black ink, appearing to read "A. Garratt", with a stylized flourish at the end.

Andrew Garratt FRICS
RICS Registered Valuer

For and on behalf of Savills Advisory Services Limited



Client Acceptance

I confirm Optivo Finance plc's agreement to this letter and the attached appendices and, in particular, confirm that the limitation on liability set out in paragraph 8 above is acknowledged, considered reasonable and accepted:

Signed by Optivo Finance plc, by its duly authorised signatory

A handwritten signature in dark ink, appearing to read "S Smith", written over a horizontal line.

Signature

Name (in capitals)

Sarah Smith

Position

Chief Financial Officer

Date

25 February 2022

Appendix 1: Definitions and Bases of Valuation

Assumption

A supposition taken to be true. It involves facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, do not need to be verified by the valuer as part of the valuation process. Typically, an assumption is made where specific investigation by the valuer is not required in order to prove that something is true (RICS Valuation – Global Standards, 2020).

Depreciated Replacement Cost

The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation (RICS Valuation – Global Standards, 2020).

Equitable Value

The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties (IVS 104 – Bases of Value), (RICS Valuation – Global Standards 2020).

Existing Use Value

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 acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost (RICS Valuation – Global Standards 2017, UK national supplement).

Existing Use Value is to be used only for valuing property that is owner occupied by a business, or other entity, for inclusion in financial statements.

Existing Use Value for Social Housing (EUV-SH)

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 and 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 date 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. (UK VPGA 7)

External Valuer

A valuer who, together with any associates, has no material links with the client, an agent acting on behalf of the client or the subject of the assignment. (RICS Valuation – Global Standards 2020). Unless otherwise stated, External Valuer does not refer to the role of an external valuer within the context of the Alternative Investment Fund Managers Directive 2011/61/EU and its implementing provisions in the United Kingdom unless agreed otherwise in writing.

Equitable Value

The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties (IVS 104 – Bases of Value), (RICS Valuation – Global Standards 2020).

Fair Value

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 (RICS Valuation – Global Standards 2020).

Gross Development Value (GDV)

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.

Investment Value (or Worth)

The value of an asset to a particular owner or prospective owner for individual investment or operational objectives (RICS Valuation – Global Standards 2020).

Market Rent

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 (RICS Valuation – Global Standards 2020).

Market Value

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 (RICS Valuation – Global Standards 2020).

Special Assumption

An assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date (RICS Valuation – Global Standards 2020).

Appendix 2: General assumptions and conditions applicable to all valuations

Unless otherwise agreed in writing and /or stated in our report, our Valuation will be 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.

1. That the Property(ies) is/are not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and good title can be shown. Should there be any mortgages or charges, we have assumed that the property(ies) would be sold free of them. We have not inspected the Title Deeds or Land Registry Certificate.
2. That we have been supplied with all information likely to have an effect on the value of the Property(ies), and that the information supplied to us and summarised in this Report is both complete and correct.
3. That the building(s) has/have been constructed and is/are used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control and any future construction or use will be lawful.
4. That the Property(ies) is not adversely affected, nor 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).
5. That the building(s) is/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 parts of the building(s) 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 Property(ies) and our Report do not constitute a building survey or any warranty as to the state of repair or refurbishment of the Property(ies). Our Valuation is on the basis that a building survey would not reveal material defects or cause us to alter our Valuation materially.
6. That there is unrestricted access to the Property(ies) and that the site(s) is/are connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.
7. Sewers, mains services and roads giving access to the Property(ies) 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. That in the construction or alteration of the building(s) 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.
9. That the Property(ies) has/have not suffered any land contamination in the past, nor is/are 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.
10. That the Property(ies) is/are free from environmental hazards, including infestation from invasive plants such as Japanese Knotweed. This assumption is made in recognition of the fact that identifying Japanese knotweed is problematic and cannot be guaranteed. This is partly because during the early stages of its annual life cycle some of the classic visual characteristics are not distinctive and during the winter months the plant sheds its leaves and suffers die back. It is also possible that Japanese knotweed has received a herbicide-based treatment which has removed all visible above ground signs but may not have killed the below ground rhizome (root) which, in turn, may lead to new growth and the spread of the plant in time.
11. That any tenant(s) is/are capable of meeting its/their obligations, and that there are no arrears of rent or undisclosed breaches of covenant.
12. In the case of a Property(ies) where we have been asked to value the site under the special assumption that the Property(ies) will be developed, there are no adverse site or soil conditions, that the Property(ies) is/are not adversely affected by the Town and Country Planning (Environmental Impact Assessment) Regulations 2017 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.
13. We will not make any allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the Property(ies).

14. Our Valuation will be exclusive of VAT (if applicable).
15. No allowance will be made for any expenses of realisation.
16. Excluded from our Valuation will be any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.
17. 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.
18. In the case of a Property(ies) 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 Property(ies) in the market and its/their subsequent valuation, or the ability of such a Receiver to realise the value of the property(ies) in either of these scenarios.
19. No allowance will be made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it will be assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EU legislation, insofar that the latter is applicable.
20. 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.

Appendix 3: Further General Assumptions applicable to residential valuations

The following general assumptions apply to residential property valuations and are in addition to the general assumptions at Appendix 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.
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.

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.

Appendix 7

General Assumptions

BASES OF VALUE & GENERAL ASSUMPTIONS AND CONDITIONS

1. Basis of Valuation - definitions

Depreciated Replacement Cost: The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

Existing Use Value: 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 acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

Existing Use Value is to be used only for valuing property that is owner occupied by a business, or other entity, for inclusion in financial statements.

Existing Use Value For Social Housing: 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 and 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 date 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.

Fair Value: Valuations based on Fair Value will adopt one of two definitions – depending upon the purpose, namely:

The IVS 2013 definition: The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties, or

The IFRS 13 definition: 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.

Gross development value (GDV) - The aggregate Market Value of the proposed development assessed on the special assumption that the development is complete as at the date of valuation in the market conditions prevailing at that date.

Bases of Value & General Assumptions and Conditions



Investment value: Investment value is the value of an asset to the owner or prospective owner for individual investment or operational purposes.

Market Rent: 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.

Market Value: 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.

2. General assumptions and conditions applicable to all valuations

Unless otherwise agreed in writing and / or stated in our report, our Valuation will be 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.

1. That the Properties are not subject to any unusual or especially onerous restrictions, encumbrances or outgoing and good title can be shown. Should there be any mortgages or charges, we have assumed that the properties would be sold free of them. We have not inspected the Title Deeds or Land Registry Certificate.
2. 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 this Report is both complete and correct.
3. That the building(s) has/have been constructed and is/are used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control and any future construction or use will be lawful.
4. That the Properties are not adversely affected, nor 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).
5. That the building(s) is/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 parts of the building(s) 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.
6. That there is unrestricted access to the Properties and that they are connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.
7. 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. That in the construction or alteration of the building(s) 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.
9. That the Properties are free from environmental hazards and has not suffered any land contamination in the past, nor are they 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.
10. That any tenant(s) is/are capable of meeting its/their obligations, and that there are no arrears of rent or undisclosed breaches of covenant.

Bases of Value & General Assumptions and Conditions



11. In the case of a Property where we have been asked to value the site under the special assumption that the Property will be developed, there are no adverse site or soil conditions, that the Property is not adversely affected by the Town and Country Planning (Environmental Impact Assessment) Regulations 2017 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.
12. We will not make any allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the Property.
13. Our Valuation will be exclusive of VAT (if applicable).
14. No allowance will be made for any expenses of realisation.
15. Excluded from our Valuation will be any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.
16. 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.
17. In the case of a Property 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 Property in the market and its/their subsequent valuation, or the ability of such a Receiver to realise the value of the property(ies) in either of these scenarios.
18. No allowance will be made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it will be assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EU legislation, insofar that the latter is applicable.
19. 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.

February 2020

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Optivo Finance PLC

Report and Valuation of 838 Units in London, the South East, and the East and West Midlands of England

25 February 2022

File Reference: 485583

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Dear Client,

ISSUER - OPTIVO FINANCE PLC ("Optivo")
PURPOSE - VALUATION OF HOUSING STOCK FOR LOAN SECURITY PURPOSES
PROPERTIES - 823 RENTED, 2 SHARED OWNERSHIP AND 13 NIL VALUE UNITS IN IN LONDON, THE SOUTH EAST, AND THE EAST AND WEST MIDLANDS OF ENGLAND

In accordance with the instructions contained in in your correspondence via Optivo dated 1 July 2021, as confirmed in our letter to you dated 6 July 2021, we have externally inspected the property and made such enquiries as are sufficient to provide you with our opinion of value on the bases stated below. Copies of your instruction letter and of our letter of confirmation are enclosed at **Appendix 6**.

We draw your attention to our accompanying Report together with the General Assumptions and Conditions upon which our Valuation has been prepared, details of which are provided at the rear of our report.

We trust that our report meets your requirements, however should you have any queries, please do not hesitate to contact us.

Yours faithfully,

For and on behalf of Savills Advisory Services Limited,



Andy Garratt BA FRICS FCIH
RICS Registered Valuer
Director



Catherine Wilson BSc (Hons) MRICS
RICS Registered Valuer
Director

Offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

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1. Instructions and Terms of Reference

1.1. Instructions and Terms of Reference

Further to instructions received from Optivo, dated 1 July 2021, and our confirmation of instructions letter dated 6 July 2021, we now have pleasure in reporting to you the following valuations and advice for the purposes of assessing secured lending on the subject properties to Optivo (the Issuer).

1.2. Basis of Valuation

In accordance with your instructions, we have provided an assessment of the Market Value ("MV") of the Properties subject to the tenancies and shared ownership leases and the Existing Use Value for Social Housing ("EUV-SH") of the tenanted properties.

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 property 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 requirement*
- 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 (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."

1.3. Additional Advice – Aggregate Market Value

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

We would point out 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.

1.4. General Assumptions and Conditions

All our valuations have been carried out on the basis of the General Assumptions and Standard Conditions set out in **Appendix 7** of this report.

1.5. Valuation Date

Our opinions of value are as at the date of this report. The importance of the valuation date must be stressed as property values can change over a relatively short period of time.

1.6. Purpose of Valuation

We understand our valuation is required for loan security purposes in connection with an existing facility granted to the Borrower.

1.7. Proposed Loan Terms

You have not provided us with details of the loan terms. Although we comment on the suitability of the Property as loan security, we do so generally and not in the context of specific loan terms as we are not qualified to do so.

1.8. Conflicts of Interest

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 valuers' / valuer's ability to provide an impartial and independent valuation. Accordingly, we are reporting on an objective and unbiased basis.

1.9. Valuer Details and Inspection

The due diligence enquiries referred to below were undertaken by Andy Garratt BA FRICS FCIH and Beatrice Watson BA Msc. The valuations have also been reviewed by Catherine Wilson BSc (Hons) MRICS.

A representative sample of the properties was inspected externally in August 2021 by three surveyors: Richard Hague, Bob Hill, and Tayab Dad of Savills.

Andy Garratt BA FRICS FCIH and Catherine Wilson BSc (Hons) MRICS are also RICS Registered Valuers. 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.

1.10. Extent of Due Diligence Enquiries and Information Sources

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 our report below.

In summary, Optivo has provided the following:

- ↳ Property Schedule including addresses, current rents and property types.

1.11. 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 2020 together, where applicable, with the UK National Supplement effective 14 January 2019, together the “Red Book”.

2. The Properties

2.1. The Properties

2.1.1. Location and Description

The Properties to be valued comprise 838 units which reside in the local authorities detailed in the table below.

Table 1: Stock Location by Local Authority and Property Type

Local Authority	Flats and Maisonettes	Houses and Bungalows	Total
Arun	25	145	170
Birmingham	106	60	166
Bromsgrove		17	17
Croydon	24		24
Daventry		13	13
East Northamptonshire	24	11	35
Enfield	34		34
Greenwich	41		41
North Warwickshire		10	10
Northampton		6	6
Solihull		11	11
Swale	36	102	138
Wandsworth	32		32
Westminster	8		8
Worthing	53	80	133
Total	383	455	838

Source: Optivo – includes 13 Nil Value units

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.

A selection of photographs is at **Appendix 4**. The spread of the stock is shown by the map at **Appendix 5**.

2.1.2. Property Types

The properties can be summarised by type and tenancy type / tenure as follows:

Table 2: Use Category and Rent Tenure by Property Type

Type	Flats and Maisonettes	Houses and Bungalows	Total
General Needs – Social Rent	187	442	629
General Needs – Affordable Rent	10	4	14
Housing for Older People – Social Rent	173	7	180
Shared Ownership – Intermediate Rent		2	2
Total	370	455	825

Source: Optivo – excludes 13 Nil Value units

Please refer to **Appendix 1** for a full summary breakdown of all of the schemes and property types, together with summary rental income data. **Appendix 2** includes a full list of the properties.

2.1.3. Condition

As instructed, we have not carried out a structural survey. However, we can comment, without liability, that during the course of our inspections for valuation purposes, we observed that the Properties appear to be generally in sound condition.

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. The report is prepared on this assumption.

2.1.4. Multi-Storey, Multi-Occupancy Buildings

Following the Grenfell Fire tragedy in June 2017, the Ministry of Housing, Communities and Local Government (MHCLG) published 'Advice for Building Owners of Multi-Storey, Multi-Occupied Residential Buildings' (the consolidated advice note (CAN)) in January 2020. The CAN outlines the advice of the MHCLG's Independent Advisory Panel on building safety for owners of domestic residential blocks of flats and extends the scope of previous advice, covering external wall systems, including balconies and other attachments, and applies to all buildings irrespective of height.

Following publication of the MHCLG's advice the RICS produced a Guidance Note 'Valuation of properties in multi-storey, multi-occupancy residential buildings with cladding' 1st edition, March 2021 (the RICS Guidance Note), which came into effect on 5th April 2021. In forming our opinion of value we have had regard to both the CAN and the RICS Guidance Note.

We have discussed the RICS Guidance Note with the Borrower and they confirm that there are no high rise, no cladding issues and no EWS1 forms applicable to the units within this portfolio. The Borrower has also confirmed that there is no Aluminium Composite Material (ACM), Metal Composite Material (MCM) or High Pressure Laminate (HPL) panels to any units. We also note that no properties have characteristics of the Guidance Note.

Our valuation is reported on the basis that the property falls outside the RICS Guidance Note on the Valuation of multi-storey, multi occupancy residential blocks of flats with cladding.

2.1.5. 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. We recommend that your legal advisors confirm that any deleterious materials, including asbestos, that may have been present, have either been removed or safely encapsulated in accordance with relevant legislation.

2.1.6. Services

No detailed inspections or tests have been carried out by us on any of the services or items of equipment, therefore no warranty can be given with regard to their purpose. We have valued the Properties on the assumption that all services are in full working order and comply with all statutory requirements and standards.

2.2. Environmental Considerations

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.

2.3. Energy Act 2011

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.

Where available, Optivo have provided us with SAP scores which we have converted to EPC ratings. From the SAP score information provided to us by Optivo which we have converted, 69.57% of the stock have an EPC rating of B – E and 1.07% (9 units in total) of the stock has an EPC rating of F – G. The remaining 29.36% (246 units in total) of the stock do not currently have a SAP score / EPC rating. We have provided the SAP scores and converted EPC ratings on our property schedule at **Appendix 2**.

We are reporting on the basis that the 29.36% (246 units in total) of the stock which do not currently have an EPC rating are within the A-E category. Our valuation and report is based on this assumption. When this information is made available by the borrower, we will update our valuation accordingly.

For the 1.07% (9 units in total) of the stock which have an EPC rating of F – G, we have restricted to EUV-SH.

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.

2.4. Fire

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. Optivo have informed us that they are currently ‘in the process of carrying out new FRA’s on all our properties and bringing everything up to the relevant standard’.

Optivo confirm that none of the properties are deemed high-rise or have any cladding issues. Although we note that there are some multi-storey / multi-occupancy buildings, Optivo have confirmed that none of the units in the portfolio contain Aluminium Composite Material (“ACM”), Metal Composite Material (“MCM”) or High Pressure Laminate (“HPL”) panels.

2.5. Town Planning

In the context of this valuation it is not practical to make planning enquiries for all the properties. We have therefore assumed that there are no pending planning applications or other planning issues likely to adversely affect the subject properties. We have not made specific planning enquiries for each site.

We have also assumed that the relevant consent for any extensions and alterations works to the properties have been obtained and fully complied with. We advise that your solicitors confirm the properties are currently being used in line with their consented planning use and that construction fully met building regulation requirements.

2.6. Title and Tenure

2.6.1. Title

We have been provided with the details of title, sent to us in final form by Capsticks on 23 December 2021 and a report sent to us on 23rd December 2021 by Winckworth Sherwood LLP. We can confirm that, based on the information provided to us that each property has good and marketable title and that there are no restrictions or covenants that would adversely affect our opinion of value, save those identified in Appendix 2.

Appendix 2 provides a breakdown of these designations on an individual unit basis and details of the units that should be restricted to EUV-SH or eligible for MV-STT.

2.6.2. Tenancies

We have been supplied with copies of the Borrower's standard tenancy agreements, all of which are 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.

2.6.3. Shared Ownership Leases

We have been supplied with a copy of the standard shared ownership lease which is granted for a term of between 99 and 125 years. The leaseholder is responsible for all repairs. The lease allows 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 specify RPI plus 0.5%.

Full details of the rents payable, the equity held by the Borrower and rent review provisions are set out in **Appendix 2**.

2.7. Lotting

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

2.8. Rental Income

The net annual rental income currently produced by the properties, before deductions, is displayed in **Table 3** below, as derived from the property schedule sent to us by the Borrower:

Table 3: Total Net Rental Income (correct as at September 2021)

Tenure Type	Net Rent
General Needs – Social Rent	£3,556,231.12
General Needs – Affordable Rent	£102,694.80
Housing for Older People – Social Rent	£898,209.52
Shared Ownership – Intermediate Rent	£10,562.04
Total	£4,567,697.48

Source: Optivo – excludes 49 Nil Value units

The average net rent levels currently let to the properties, on a 52-week year basis, is displayed in **Table 4** below, as derived from the property schedule sent to us by the Borrower:

Table 4: Average Net Weekly Rental Income (correct as at September 2021)

Property Type	Net Rent
General Needs – Social Rent	£112.70
General Needs – Affordable Rent	£141.06
Housing for Older People – Social Rent	£95.96
Shared Ownership – Intermediate Rent	£101.56
Average	£106.47

Source: Optivo – excludes 49 Nil Value units

3. Market Commentary

3.1. General Summary

3.1.1. Economy

In common with other economies around the world, the UK economy suffered throughout 2020 as the Covid-19 pandemic continues to remain the dominant feature of the global economy. 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.

In 2021, we have seen the acceleration of Covid vaccine programmes and the opening up of economies which has boosted economic growth, especially in China, the US and the developed world. Overall, although global growth is up, on the whole, some countries are doing less well.

In many countries, including the US and the UK, Covid support programmes and other spending plans has pushed government borrowing to reach its highest levels since World War II. Equity markets are generally positive and interest rates are relatively stable although they have experienced some volatility over the last year. Energy and commodity prices continue to rise and inflation rates have picked up.

Unemployment is expected to rise much less than previously expected, and some sectors are experiencing staff shortages. In the UK, labour shortages are exacerbated by post-Brexit emigration. Central bankers in the UK, US and Europe are beginning to talk about some form of tapering of their respective asset purchase programmes. However a rise in interest rates might not be forthcoming anytime soon, despite the recent inflationary pressures, which many central banks believe to be transient.

Short-term and long-term interest rates remain low, while investor appetite for quality assets, especially housing association debt, is as strong as ever.

3.1.2. Residential Property Market

The pace of change in the UK housing market has been surprising over the last sixteen months. For seven and a half weeks from 23rd March to 13th May 2020, the housing market was effectively in lockdown and transaction activity was severely suppressed. Since reopening, several factors caused a wave of activity in the market. Behavioural changes have encouraged some occupiers to trade up the housing ladder, incentivised by the stamp duty holiday, while others have either already moved or are looking to move as they reassess their work-life balance. In addition, there was residual pent up demand in the market following the previous lockdowns. Total growth for 2020 was 7.3%, the highest in six years, which is unlike the pattern seen in any other recessionary period.

Indeed, Savills latest Housing Market Update (September 2021) reports House prices rose by 2.1% in August according to Nationwide, more than offsetting last month's fall of -0.6%. This brings annual house price growth to 11.0%, supporting our view that price growth will remain strong this year and on track to surpass our forecast of 9.0%.

Only 82,110 transactions were recorded in July, down from the 213,000 recorded in June. This is a monthly fall of 62%, and put transactions 22% below the 2017-19 average for the month. This shows the distorting effect of the stamp duty holiday, with the first and most significant deadline now passed. We expect a smaller spike in September before the next deadline, as buyers can still save up to £2,500, but not to the same magnitude as the June distortion. Mortgage data suggest activity will remain strong, with 2021 seeing 28% more mortgages approvals so far compared to this time in 2019.

Demand has started to soften, but remains above supply. The latest RICS survey shows demand falling, but it remains above the level of new instructions, which have already been falling for four months. This supply-demand mismatch is echoed by TwentyCI, who reported sales agreed in August to be 9% above the 2017-19 average, while new instructions are 19% below. The gap between supply and demand will continue to be a key driver of price growth.

3.1.3. Social Housing and Residential Investment Markets

The impact of the Covid-19 pandemic on sales transactions between Registered Providers has been limited. Registered Providers continue to work hard to support and safeguard their tenants and staff at this time. Thorough stress testing has been carried out with particular focus on rent arrears and bad debts, voids and operational costs, with some business plans updated, but impacts are expected to be relatively limited and many paused repair and development programmes have now restarted. Sales transactions have continued to take place, market activity remains steady and there has been no discernible impact on pricing. Activity in the residential investment market has gradually resumed and increasing numbers of transactions are taking place at pre-pandemic pricing/yields. Levels of rent collection and occupancy rates are also at pre-pandemic levels.

3.2. Residential Property Forecasts

3.2.1. Market Values

Savills' most recent house price forecasts (July 2021) suggest UK mainstream house price growth forecast +9.0% in 2021. The average UK house price has continued to rise strongly in 2021, increasing by +5.6% in the first six months of the year according to the Nationwide Index. Despite the rush of activity prior to the stamp duty deadlines of March and June, we are continuing to see elevated levels of demand against the backdrop of limited supply.

Our latest five-year price forecast for mainstream residential property is shown in **Table 5** below.

Table 5: UK 5-Year Mainstream Residential Property Price Forecasts – % per annum

Region	2021	2022	2023	2024	2025	5-Year
London	7.0%	2.0%	1.5%	1.0%	0.5%	12.4%
South East	9.0%	3.0%	2.5%	2.0%	1.5%	19.1%
East of England	8.0%	3.0%	2.5%	2.0%	1.5%	18.0%
South West	8.5%	3.5%	3.0%	2.5%	2.0%	20.9%
East Midlands	9.0%	4.0%	3.5%	3.0%	2.5%	23.9%
West Midlands	9.0%	4.0%	3.5%	3.0%	2.5%	23.9%
North East	8.0%	4.0%	3.5%	3.5%	3.0%	23.9%
North West	10.5%	4.5%	4.0%	3.5%	3.0%	28.0%
Yorkshire and The Humber	10.5%	4.5%	4.0%	3.5%	3.0%	28.0%
Wales	10.0%	4.0%	4.0%	3.5%	3.0%	26.8%
Scotland	9.5%	4.0%	3.5%	3.0%	2.5%	24.4%
UK	9.0%	3.5%	3.0%	2.5%	2.0%	21.5%

Source: Savills

This imbalance looks set to maintain growth for the second half of the year meaning we expect annual house price growth across the UK as a whole to end 2021 at 9.0% and transactions to exceed 1.6m for the first time since the credit crunch.

We expect transaction levels to diminish gradually over the remainder of this year as government support for both the housing market and the wider economy is withdrawn. However, the pace at which sales continue to be agreed suggests that national transaction levels will still end the year at circa 1.62m. That is roughly 35% higher than the average for the five years prior to the pandemic, despite an acknowledged shortfall of available supply to meet demand.

Affordability limits have become embedded by the stress testing of mortgage affordability at a borrower level and the caps on lending at high loan-to-income ratios that were introduced by regulators to ensure responsible lending. They are one of the key reasons behind our expectation that price growth in the period 2022 to 2025 will be in the order of 11%-12%. They also indicate limited capacity for further price growth at the end of this period, without substantially affecting who is able to buy and the number of potential transactions.

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

3.2.2. Market Rents

The Government has extended notice periods for evictions to 6 months and confirmed no evictions will be enforced in local lock-down areas. No direct financial support for tenants has been given to date. However rental values tend to be more resilient than capital values during a downturn, and Savills Research expect rents to remain relatively resilient in the coming months and years. There may be modest falls in private sector rents paid over the next year as rental growth generally shows a correlation with income growth, with growth accelerating again as income growth returns.

Savills UK Housing Market Update (August 2021) reports rent increased 1.2% in the year to July, according to the ONS. Rental growth has been particularly strong in the East Midlands and South West, both up 2.5% annually. There are signs of confidence returning to the London rental market. Rents fell only marginally by -0.1% in the year to July, according to the ONS. However, data from the HomeLet Rental Index, which is more responsive to a quickly changing market, recorded rental growth of 3.6% from July to August and an annual variance of 4.1%.

Our latest five-year rental forecast for mainstream residential property is also shown in **Table 6** below.

Table 6: UK 5-Year Mainstream Residential Property Rental Forecasts – % per annum

Region	2021	2022	2023	2024	2025	5-Year
UK Rental Growth	0.8%	4.5%	3.7%	3.5%	3.5%	17.0%
London Rental Growth	1.5%	5.5%	4.0%	3.5%	3.5%	19.3%
UK Excluding London Rental Growth	0.4%	4.0%	3.5%	3.5%	3.5%	15.9%
UK Income Growth	0.5%	5.2%	3.8%	3.5%	3.3%	17.3%

Source: Savills

During the vaccination programme roll out we have seen the mainstream market progressively normalise; reversing some of the Covid-19 pandemic specific trends seen in 2020. In time, we expect rental growth to become primarily dictated by growth in incomes, much as it has done in the past. Given the prospects for the wider economy though, we foresee a period when the mainstream rental market remains price sensitive, to be followed by a burst of stronger rental growth expected in 2022.

Please refer to **Appendix 3** for a full, detailed market commentary.

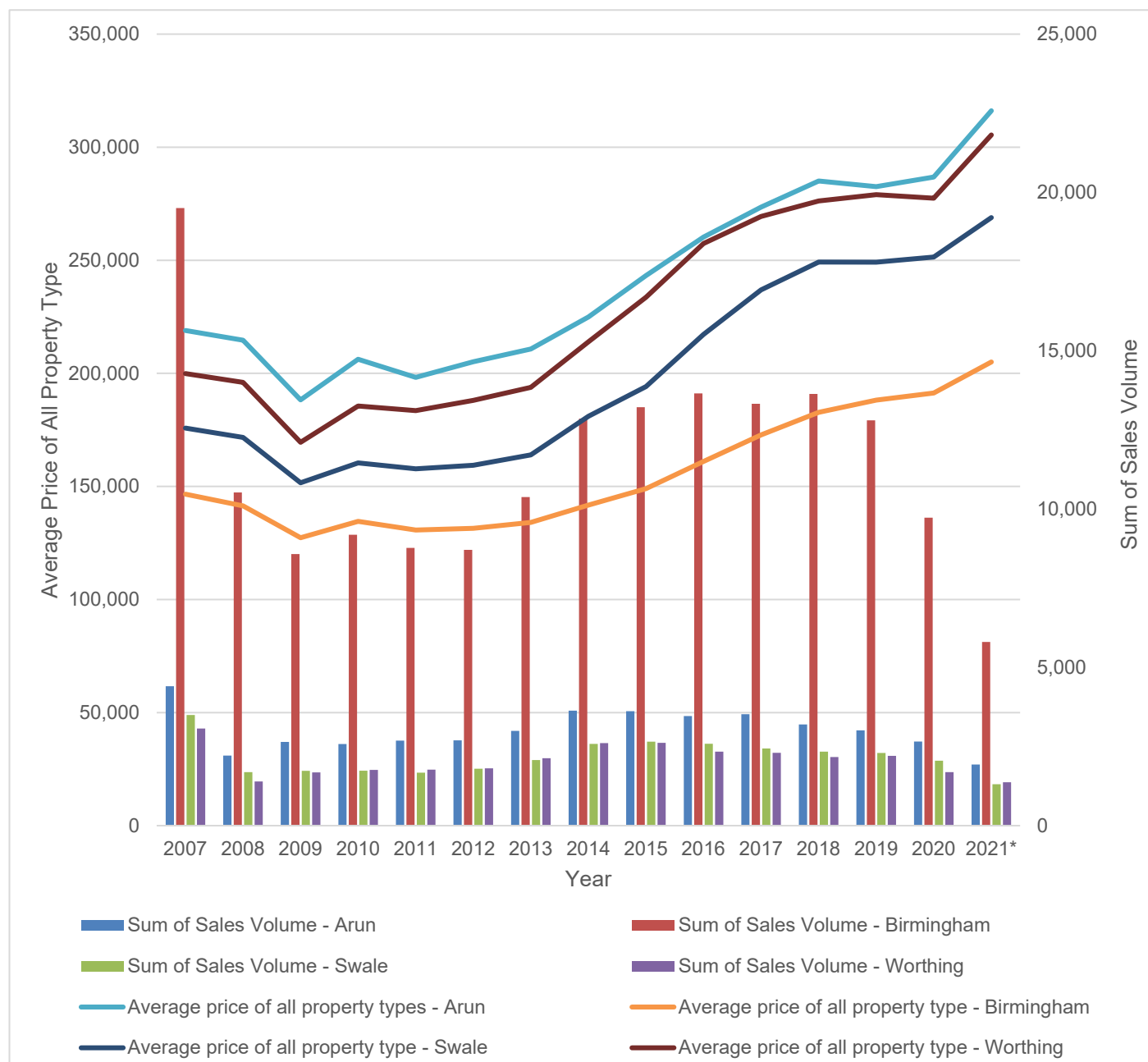
3.3. Local Market Conditions

In common with most of the UK, the housing market in the local authorities where the subject stock is located all suffered difficult market conditions and falling values after the Global Financial Crisis as a result of poor economic conditions. The market began to recover in 2009 when average prices began to rise. Sales transactions and average prices dipped again slightly over the course of 2011 and 2012 but by 2013 average prices and sales volumes began to climb strongly in tandem. This consistent price and transaction growth continued until 2016 when certainly the more metropolitan local authority areas witnessed curbing price growth and falling sales transactions in response to Brexit uncertainties and global economic turbulence, and the more rural local authorities shortly followed suit throughout 2017.

Price growth did steadily continue however, despite the deceleration. 2020 saw average prices climb steeply and sales volumes fall considerably as a result of the arrival of the global Covid-19 pandemic to the UK. 2021 has seen average prices continue to grow strongly thus far as the values are buoyed by the Stamp Duty Land Tax relief. The SDLT holiday culminated at the end of June 2021 but its aftermath is still quite unknown and it remains to be seen how this has affected buyer demand, average prices, and sales transactions as the latest available data recorded by the Land Registry is from May 2021.

This is illustrated by the Land Registry data in **Graph 1** below. Please note, we have chosen the local authority's which contain the highest amount of properties.

Graph 1: Sales Volume and Average Property Price – January 2007 – October 2021



Source: HM Land Registry

*denotes Pro Rata

3.4. Market Values Subject to Vacant Possession (MV-VP)

Table 7 below displays the average market values by property type and bedroom number for the properties within the valuation.

Table 7: Average Market Values by Property Type and Bedroom Number

Savills Property Type	Bedrooms	Average MV-VP	Units
Houses and Bungalows	1	£167,500	16
	2	£217,482	141
	3	£249,051	274
	4	£307,500	22
	5	£300,000	2
Average MV-VP of all Houses and Bungalows		£239,451	455
	1	£151,165	236
	2	£190,932	118
	3	£281,250	16
Average MV-VP of all Flats and Maisonettes		£169,473	370

Source: Savills

*excludes 13 nil value units

The average MV-VP across the whole stock of 825 units is **£208,067**. Apportioned values can be found at **Appendix 2**.

3.5. Market Rents (MR)

Table 8 below displays the average market rents by property type and bedroom number for the properties within the valuation.

Table 8: Average Market Rents by Property Type and Bedroom Number

Savills Property Type	Bedrooms	Average MR per week	Units
Houses and Bungalows	1	£168	16
	2	£205	141
	3	£248	274
	4	£301	22
	5	£358	2
Average MR of all Houses and Bungalows		£195	455
	1	£166	236
	2	£197	118
	3	£223	16
Average MR of all Flats and Maisonettes		£150	370

Source: Savills

*excludes 13 nil value units

The average MR across the whole stock of 825 units is **£209** per week. Apportioned rents can be found at **Appendix 2**.

4. Valuation Advice

4.1. Existing Use Value For Social Housing (EUV-SH) – Valuation Approach

4.1.1. Valuation Methodology

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 assumes rents will remain affordable to those in low paid employment and that all vacant units 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.

4.1.2. Principal DCF Variables

The DCF assumptions are derived from information received from GSA and economic data. **Table 9** below displays our principal assumptions with detailed discussion on discount rates, adopted rent levels, and rental growth contained in the following sections.

Table 9: DCF Variables

DCF Variable	Amount	Year	Variable Unit	Source
Average Current Rent	104.82	Current	£ pw	Optivo
Average Affordable “Convergence” Rent	111.06	Current	£ pw	Savills
Voids and Bad Debts	2.00 – 2.25	All Years	% of debit	Optivo / Savills
Turnover	5.00 – 6.00	All Years	% pa	Optivo / Savills
Management Costs	800 – 950	All Years	£ pu / pa	Optivo / Savills
Cyclical & Responsive Maintenance Costs	800	All Years	£ pu / pa	Optivo / Savills
Programmed Maintenance Costs	1,000	All Years	£ pu / pa	Optivo / Savills
Rental Inflation (2.00 in perpetuity)	3.10	Year 1	% real pa	Savills
	3.00	Year 2	% real pa	Savills
	2.60	Year 3	% real pa	Savills
	2.50	Year 4	% real pa	Savills
	2.00	Year 5	% real pa	Savills
Maintenance Cost Inflation (1.00 in perpetuity)	0.65	Year 1	% real pa	Savills
	-1.20	Year 2	% real pa	Savills
	-0.15	Year 3	% real pa	Savills
	0.55	Year 4	% real pa	Savills
	1.00	Year 5	% real pa	Savills
Programmed Cost Inflation (0.50 in perpetuity)	1.40	Year 1	% real pa	Savills
	2.20	Year 2	% real pa	Savills
	1.90	Year 3	% real pa	Savills
	2.00	Year 4	% real pa	Savills
	0.50	Year 5	% real pa	Savills

4.1.3. Discount Rate

There is no hard-and-fast rule for determining the most appropriate rate to be adopted in a discounted cash flow. 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 property in question. 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 representative of both the long-term cost of borrowing for an acquiring organisation and the risks implicit in the property portfolio concerned. The current level of long-term interest rates and the overall cost of funds must be 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 margin for risk needs to be considered on a case-by-case basis, having regard to the nature of the stock.

Currently, the yield on 30 year Gilts is around 0.99%. This is in effect the risk free discount rate. Yields on Housing Association long dated, rated and unrated bonds are running typically around 1.60% to 2.00% (Source: Social Housing September 2021)

The table below shows the activity in the bond market since January 2021.

Table 10: Rated Bonds

Date	RP	Sustainability Type	Years	Notional Raised £m	Coupon Rate %	Spread %
Oct-21	Southern Housing	Sustainable Loan (UoP)	15	300	2.38	1.30
Sep-21	Platform	Sustainable Loan (UoP)	20	250	1.93	0.87
Sep-21	Stonewater	Sustainable Loan (UoP)	15	250	1.63	0.85
Sep-21	Clarion	Sustainable Loan (UoP)	30	300	1.88	0.93
Jul-21	Metropolitan	Sustainable Loan (UoP)	15	250	1.88	1.15
Jul-21	Anchor Hanover	Sustainable Loan (UoP)	30	450	2.00	0.95
Jul-21	Flagship Group	Sustainable Loan (UoP)	40	250	1.88	0.95
May-21	Notting Hill Genesis	Sustainable Loan (UoP)	15	250	2.00	1.00
May-21	Beyond Housing	Sustainable Loan (UoP)	30	250	2.13	0.90
May-21	Paradigm Housing	Sustainable Loan (UoP)	30	350	2.25	0.88
Apr-21	PA Housing	Sustainable Loan (UoP)	15	400	2.03	0.87
Mar-21	Onward Homes	-	32	350	2.13	0.88
Feb-21	LiveWest	-	35	250	1.90	0.90
Jan-21	Aster Group	Sustainable Loan (UoP)	15	250	1.41	0.80

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.

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 4-5%, reflecting the availability of long term finance from the capital markets but also future refinancing risk.

Given the sustained reduction in funding costs our view is that for good quality, generally non-problematical stock, a discount rate between 4.0% and 4.5% 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 4.5% to 5.0% real. On the other hand, exceptional stock could be valued at rates around 3.5% to 4.0% real. We would stress our cashflows are run in perpetuity and not over 30 years.

We have adopted a discount rate of 4.5 – 5.25% real over an assumed CPI inflation rate of 2.0%. This is the rate applied over the cashflow run in perpetuity.

4.1.4. 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 new Rent Policy Statement has applied 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 charged stock are set out below, along with the current formula rents and our assessed sustainable affordable rent or “convergence” rent. We have adopted the convergence rents in our valuation.

Table 11: Average Current, Formula and Convergence Rents 2021 / 2022 (£ per week – 52 weeks)

Type	Estimated Tenant Household Incomes	Net Rent	Savills Maximum Convergence Rent	Savills Convergence Rent Affordability Ratio	Market Rent
House	£508.39	£111.04	£116.54	23.03%	£234.60
Flat	£396.90	£100.90	£104.36	26.41%	£185.32
Average	£458	£106	£111	24.55%	£212

Source: Optivo & Savills – excludes 13 Nil Value units and Shared Ownership units where applicable

We have assumed all rents will converge to our convergence rent in 7-8 years’ time for the General Needs Social Rented stock and 2 years’ time for the remaining Sheltered and Supported Needs Social Rented stock. The annual rent increases have been limited to 3% per annum nominal.

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 2.72% per annum over the next 10 years in the local authorities where the stock is located. We have therefore assumed that after they have converged rents will increase at CPI+1% per annum.

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

4.1.5. 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 67 Affordable Rent units within the stock. The current average rent for these units is £141.06 per week. These units 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+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 local authorities where the stock is located are currently 2.56% per annum. We have therefore assumed that rents will increase at CPI+1% per annum.

4.2. Market Value Subject to Tenancies (MV-STT) – Valuation Approach

4.2.1. Valuation Methodology – 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 units, 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 units 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 50% 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 Residential Investment market is currently active and having discussed the portfolio with agents active in the market we expect that the properties would attract good demand if brought to the market.

4.2.2. Principal Assumptions

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

Table 12: MV-STT Assumptions

Variable	Variable	Year	Amount
Gross Annual Rental Income	£	Current	9,091,680
Voids & Bad Debts	% of rent debit per annum	All years	5 – 5
Management	% of rent debit per annum	All years	10 – 15
Maintenance	% of rent debit per annum	All Years	10 – 15
Net Yield Applied	%	All Years	4.25 – 5.25
Gross Yield Applied	%	All Years	5.5 – 6.00

Source: Savills – Market Rent assumed

4.3. Shared Ownership – Valuation Approach

4.3.1. General

Optivo have a portfolio of 2 properties subject to Shared Ownership leases in charge. They retain around 75% of the equity in their units, overall. Please see **Appendix 2** for details of the properties, shares held and rental income produced.

4.3.2. 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 4.00% real to the rental income stream and a discount rate of 5.25% real to our assumptions of vacant sales, reflecting the very secure nature of Shared Ownership income.

4.3.3. Principal DCF Variables and Assumptions

Our principal valuation assumptions are as follows:

Table 13: Shared Ownership Assumptions

Variable	Variable	Year	Amount
Average Current Rent	£	Current	£101.56
Retained Equity Share	%	Current	75
100% Indicative MR	£ per week, 100% before adjustments for share	Current	247.50
100% Indicative MV-VP	£, 100% before adjustments for share	Current	300,000
Management	£	All years	150

Source: Savills

5. Valuations

5.1. Valuations

Our valuations are as follows. Please note that this summary must only be read in conjunction with the rest of this report and all Appendices.

5.1.1. Existing Use Value – Social Housing (EUV-SH) – Rented Properties

The aggregate EUV-SH, where applicable, of the freehold or long Leasehold interest in the 190 (excluding 2 Shared Ownership and 13 Nil Value) units for loan security purposes is:

£14,559,000
(Fourteen Million, and Five Hundred and Fifty Nine Thousand Pounds)

5.1.2. Market Value – Subject to Tenancies (MV-STT) – Rented Properties

The aggregate MV-STT, where applicable, of the freehold or long Leasehold interest in the 633 (excluding 13 Nil Value) units for loan security purposes is:

£97,670,000
(Ninety Eight Million, Seven Hundred and Seventy One Thousand Pounds)

Those figures must not be used as a basis for lending until your lawyers have confirmed clear title to us.

5.1.3. Market Value – Subject to Shared Ownership Leases (MV-SOL) – Shared Ownership Properties

The aggregate MV-SOL / EUV-SH of the freehold or long Leasehold interest in the 2 units for loan security purposes is:

£153,000
(One Hundred and Fifty One Thousand Pounds)

For the avoidance of doubt, the MV-SOL of shared ownership properties is equivalent to their EUV-SH.

5.1.4. Valuation Summary

Table 14: Valuation Summary

Value Group	Units	Indicative 100% Vacant Possession Value	EUV-SH All Stock	EUV-SH Where Applicable	MV-STT Where Applicable
Lon GN Affordable	6	£1,755,000	£868,000	£440,000	£596,250
Lon GN Social	58	£18,540,000	£5,614,000	£3,720,000	£4,173,750
SE GN Affordable	8	£1,440,000	£620,000	£0	£1,084,584
Mids GN Social	121	£25,695,000	£8,581,000	£1,254,000	£16,796,184
London & SE HOPS	75	£12,320,000	£5,079,000	£5,079,000	£0
Mids (bham) HOP	105	£11,575,000	£3,926,000	£0	£6,945,000
Mids GN Social Flats	32	£3,360,000	£1,442,000	£91,000	£2,390,543
SE General Social	418	£96,370,000	£31,032,000	£3,975,000	£65,683,355
SO	2	£600,000	£153,000	£153,000	£0
Total	825	£171,655,000	£57,315,000	£14,712,000	£97,670,000

Source: Savills

5.2. Covid-19 Pandemic: Market Conditions Explanatory Note

The outbreak of Covid-19, declared by the World Health Organisation as a “Global Pandemic” on the 11 March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and “lockdowns” applied to varying degrees.

The pandemic and the measures taken to tackle Covid-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to ‘material valuation uncertainty’ as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of Covid-19 we highlight the importance of the valuation date.

5.3. Additional Advice

5.3.1. Lending Against MV-STT

With reference to section 2.4 on Tenure, 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, Section 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.

5.3.2. Indicative Aggregate Market Value assuming Vacant Possession

The aggregate Market Value of the 825 (excluding 13 Nil Value) units is **£171,055,000**. This assumes the properties are available with vacant possession, but in fact, the properties are subject to tenancies and shared ownership leases. **This figure cannot therefore be regarded as a valuation suitable for lending. It is thus provided for illustrative purposes only and given with nil reliance.**

5.3.3. Indicative Reinstatement Cost for Building Insurance Purposes

You have sought from us an indication for insurance purposes of the current reinstatement cost of the building(s) in an identical form using modern materials and techniques as if it was to be totally destroyed in accordance with current Building Regulations and other statutory requirements.

This we are pleased to provide below, but must state that this is given solely as a guide as 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 property has not been inspected by such a person, and therefore the cost estimate below is provided without liability.

No allowance has been made for inflation over the policy, design or rebuilding periods, nor have we made any allowance for loss of rent. On this basis, therefore, we would estimate the reinstatement cost on a day-one basis as at the date of this report is as follows:

The indicative reinstatement cost for building insurance purposes of the 825 (excluding 113 Nil Value) units is **£106,135,000**.

5.4. Lotting and Value Disaggregation

We have valued the properties as a single lot (see section 2.5). 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 2**.

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.

6. Suitability, Liability & Confidentiality

6.1. Suitability as Loan Security

6.1.1. Lender'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 following matters:

Where available, Optivo have provided us with EPC ratings and we refer you to our comments in Section 2.3. For the 29.36% of units (246 units in total) that we have not been provided with EPC ratings. When this information is available, we will update our valuation accordingly.

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.

6.1.2. Suitability as Security

We have considered each of the principal risks associated with these Properties within the context of the wider property market and these risks are reflected in our valuation calculations and reported figures as appropriate.

Overall, we consider that the Properties provide adequate security for a loan secured upon it, which reflects the nature of the Properties, our reported opinions of value and the risks involved.

6.2. 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 the Bank satisfies itself 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.

6.3. Confidentiality

The valuations herein are provided for you for loan security purposes in connection with a loan to Optivo. **They cannot be relied upon for any other purpose**, including accounts valuations, disposal, stock swap, calculation of 1999 valuations for rent restructuring purposes.

In accordance with the recommendations of the RICS, this report is provided solely for the purposes stated above. It is confidential to and for the use only of the party to whom it is addressed and no responsibility whatsoever is accepted to any third party for the whole or any part of its contents. Any such parties rely upon this report at their own risk. Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.

We trust the above is acceptable for your purposes, should you have any queries, please do not hesitate to contact us.

For and on behalf of Savills Advisory Services Limited

Yours faithfully,

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

Andy Garratt BA FRICS FCIH
RICS Registered Valuer
Director

A handwritten signature in blue ink, appearing to read "C. Wilson".

Catherine Wilson BSc (Hons) MRICS
RICS Registered Valuer
Director

Appendices

Appendix 1

Executive Summary of Valuation



EXECUTIVE VALUATION SUMMARY

Value Group	Units	Total Rent £pw (52 weeks)	Indicative 100% Vacant Possession Value	EUV-SH	MV-STT Unrestricted	MV-STT Where Applicable	EUV-SH Where MV-STT is Inapplicable
Lon GN aff	6	£1,029	£1,755,000	£868,000	£596,250	£596,250	£440,000
Lon GN Social	58	£7,112	£18,540,000	£5,614,000	£4,173,750	£4,173,750	£3,720,000
SE GN Affordable	8	£946	£1,440,000	£620,000	£1,084,584	£1,084,584	£0
Mids GN Social	121	£12,717	£25,695,000	£8,581,000	£16,796,184	£16,796,184	£1,254,000
London & SE HOPS	75	£8,347	£12,320,000	£5,079,000	£0	£0	£5,079,000
Mids (bham) HOP	105	£8,926	£11,575,000	£3,926,000	£6,945,000	£6,945,000	£0
High Rise London (GN, LLR, GN AR)	0	£0	£0	£0	£0	£0	£0
Highrise SO	0	£0	£0	£0	£0	£0	£0
Mids GN Social Flats	32	£2,618	£3,360,000	£1,442,000	£2,390,543	£2,390,543	£91,000
SE General Social (Flats 216 and Houses 735)	418	£45,943	£96,370,000	£31,032,000	£65,683,355	£65,683,355	£3,975,000
Sub-Total	823	£87,637.22	£171,055,000.00	£57,162,000.00	£97,670,000.00	£97,670,000.00	£14,559,000.00
SO	2	£203	£600,000	£153,000	£0	£0	£153,000
Nil Value	13	£0	£0	£0	£0	£0	£0
Total	838	£87,840	£171,655,000	£57,315,000		£97,670,000	£14,712,000
Units				825		633	192

Appendix 2 Schedule of Properties

Alt (FPI)	Address 1	Address 2	Address 3	Address 4	Address 5	Local Authority	Post Code	Property Type	Bed (Beds)	Rent Exp (52 weeks)	Sevilla Convergence Rent	EUV-SH Where MV-STT is Inapplicable	Value Group	Title/Refer Loan Basis	Title Number	EPC				
6323	FLAT 1 E	184 Tooting High Street	Wandsworth	London	Wandsworth	SW17 0GF	F	1	1,011.59	£111.59	£220.00	£34.00	0	£34.00	0	Ln On Social	EUV-SH	LNK6323	1	1
6324	FLAT 1 E	184 Tooting High Street	Wandsworth	London	Wandsworth	SW17 0GF	F	1	1,011.59	£111.59	£170.00	£12.50	0	£12.50	0	Ln On Social	EUV-SH	LNK6324	1	1
5270	15 Bland Way	West Sussex	Worthing	West Sussex	Worthing	BN11 2DR	H	3	£120.83	£150.83	£270.00	£184.00	£216.00	£216.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
5271	15 Bland Way	West Sussex	Worthing	West Sussex	Worthing	BN11 2DR	H	3	£120.83	£150.83	£170.00	£184.00	£216.00	£216.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
5889	16 Buckle Lane	Worthing	Worthing	Worthing	Worthing	BN11 2DR	H	3	£120.83	£150.83	£270.00	£184.00	£216.00	£216.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
5890	16 Buckle Lane	Worthing	Worthing	Worthing	Worthing	BN11 2DR	H	3	£120.83	£150.83	£170.00	£184.00	£216.00	£216.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6227	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6228	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6229	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6230	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6231	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6232	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6233	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6234	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6235	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6236	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6237	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6238	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6239	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6240	1 Reuben	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6241	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6242	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6243	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6244	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6245	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6246	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6247	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6248	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6249	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6250	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6251	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6252	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6253	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6254	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6255	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6256	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6257	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6258	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6259	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6260	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6261	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6262	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6263	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6264	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6265	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6266	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6267	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6268	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6269	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6270	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6271	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6272	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6273	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6274	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6275	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6276	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6277	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6278	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£170.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
6279	1 ReubenWak	Burndel Road	Yagton	West Sussex	Worthing	BN11 2DR	H	3	£130.01	£130.01	£250.00	£185.00	£200.00	£200.00	£0	SE General Social Flats 216 and Houses 735	EUV-SH	WSS70153	1	1
62																				

LQ ID#NO	Address	Address 2	Address 3	Address 4	Address 5	Local Authority	Post Code	Property Type	# Beds (Beds)	Rent Exp (£2 weeks)	Savills Conveyance Rent	% Bldg equity	Tenancy type	Indicative Possession Value	EVM SH	MV-STT Unrestricted	MV-STT All Assets Available	EVM-SH Where EVM-SH is Inapplicable	Notes on Local Govt	This Review Loan Basis	This Property	EPC
62347	FLAT 4 East Hill Court	Winton Place	Worthing	West Sussex	Worthing	BN11 1JJ	F	2		£102.14	£120.00			£170,000	£72,000	£136,000	£136,000	£0	SE General Social Flats 216 and Houses 735	MV-STT	WSX177922	
62348	FLAT 5 East Hill Court	Winton Place	Worthing	West Sussex	Worthing	BN11 1JJ	F	2		£102.14	£120.00			£170,000	£72,000	£136,000	£136,000	£0	SE General Social Flats 216 and Houses 735	MV-STT	WSX177922	
62441	FLAT 6 East Hill Court	Winton Place	Worthing	West Sussex	Worthing	BN11 1JJ	F	2		£102.14	£120.00			£170,000	£72,000	£136,000	£136,000	£0	SE General Social Flats 216 and Houses 735	MV-STT	WSX177922	
62442	FLAT 7 East Hill Court	Winton Place	Worthing	West Sussex	Worthing	BN11 1JJ	F	2		£102.14	£120.00			£170,000	£72,000	£136,000	£136,000	£0	SE General Social Flats 216 and Houses 735	MV-STT	WSX177922	
62517	FLAT 8 East Hill Court	Winton Place	Worthing	West Sussex	Worthing	BN11 1JJ	F	2		£102.14	£120.00			£170,000	£72,000	£136,000	£136,000	£0	SE General Social Flats 216 and Houses 735	MV-STT	WSX177922	
62518	FLAT 9 East Hill Court	Winton Place	Worthing	West Sussex	Worthing	BN11 1JJ	F	2		£102.14	£120.00			£170,000	£72,000	£136,000	£136,000	£0	SE General Social Flats 216 and Houses 735	MV-STT	WSX177922	
62582	FLAT 10 East Hill Court	Winton Place	Worthing	West Sussex	Worthing	BN11 1JJ	F	2		£102.14	£120.00			£170,000	£72,000	£136,000	£136,000	£0	SE General Social Flats 216 and Houses 735	MV-STT	WSX177922	
62615	FLAT 11 East Hill Court	Winton Place	Worthing	West Sussex	Worthing	BN11 1JJ	F	2		£102.14	£120.00			£170,000	£72,000	£136,000	£136,000	£0	SE General Social Flats 216 and Houses 735	MV-STT	WSX177922	
62617	FLAT 12 East Hill Court	Winton Place	Worthing	West Sussex	Worthing	BN11 1JJ	F	2		£102.16	£120.00			£170,000	£72,000	£136,000	£136,000	£0	SE General Social Flats 216 and Houses 735	MV-STT	WSX177922	
62713	FLAT 14 East Hill Court	Winton Place	Worthing	West Sussex	Worthing	BN11 1JJ	F	2		£102.14	£120.00			£170,000	£72,000	£136,000	£136,000	£0	SE General Social Flats 216 and Houses 735	MV-STT	WSX177922	
62714	FLAT 15 East Hill Court	Winton Place	Worthing	West Sussex	Worthing	BN11 1JJ	F	2		£102.14	£120.00			£170,000	£72,000	£136,000	£136,000	£0	SE General Social Flats 216 and Houses 735	MV-STT	WSX177922	
62715	FLAT 16 East Hill Court	Winton Place	Worthing	West Sussex	Worthing	BN11 1JJ	F	2		£102.14	£120.00			£170,000	£72,000	£136,000	£136,000	£0	SE General Social Flats 216 and Houses 735	MV-STT	WSX177922	
62796	FLAT 17 East Hill Court	Winton Place	Worthing	West Sussex	Worthing	BN11 1JJ	F	2		£102.14	£120.00			£170,000	£72,000	£136,000	£136,000	£0	SE General Social Flats 216 and Houses 735	MV-STT	WSX177922	
62784	FLAT 18 East Hill Court	Winton Place	Worthing	West Sussex	Worthing	BN11 1JJ	F	2		£102.14	£120.00			£170,000	£72,000	£136,000	£136,000	£0	SE General Social Flats 216 and Houses 735	MV-STT	WSX177922	
62806	FLAT 19 East Hill Court	Winton Place	Worthing	West Sussex	Worthing	BN11 1JJ	F	2		£102.14	£120.00			£170,000	£72,000	£136,000	£136,000	£0	SE General Social Flats 216 and Houses 735	MV-STT	WSX177922	
62829	FLAT 20 East Hill Court	Winton Place	Worthing	West Sussex	Worthing	BN11 1JJ	F	2		£102.14	£120.00			£170,000	£72,000	£136,000	£136,000	£0	SE General Social Flats 216 and Houses 735	MV-STT	WSX177922	
65421	81 Alder Drive	Chesham Wood	Birmingham			Southall	B37 7QE	H	3	£101.77	£107.77			£200,000	£155,099	£155,099	£0	Mids On Social	MV-STT	WSX177922		
65422	82 Alder Drive	Chesham Wood	Birmingham			Southall	B37 7QE	H	3	£101.77	£107.77			£200,000	£155,099	£155,099	£0	Mids On Social	MV-STT	WSX177922		
65423	83 Alder Drive	Chesham Wood	Birmingham			Southall	B37 7QE	H	3	£101.77	£107.77			£200,000	£155,099	£155,099	£0	Mids On Social	MV-STT	WSX177922		
65424	84 Alder Drive	Chesham Wood	Birmingham			Southall	B37 7QE	H	3	£101.77	£107.77			£200,000	£155,099	£155,099	£0	Mids On Social	MV-STT	WSX177922		
65425	85 Alder Drive	Chesham Wood	Birmingham			Southall	B37 7QE	H	3	£101.77	£107.77			£200,000	£155,099	£155,099	£0	Mids On Social	MV-STT	WSX177922		
65678	193 Alderson Road	Salford	Birmingham			Birmingham	B6 3DX	H	4	£116.33	£141.33			£240,000	£186,607	£186,607	£0	Mids On Social	MV-STT	WSX177922		
65679	194 Alderson Road	Salford	Birmingham			Birmingham	B6 3DX	H	4	£116.33	£141.33			£240,000	£186,607	£186,607	£0	Mids On Social	MV-STT	WSX177922		
65685	189 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX22204		
65686	190 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX22204		
65687	201 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX17633		
65688	202 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65689	203 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65690	204 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65691	205 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65692	206 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65693	207 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65694	208 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65695	209 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65696	210 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65697	211 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65698	212 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65699	213 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65700	214 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65701	215 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65702	216 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65703	217 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65704	218 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65705	219 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65706	220 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65707	221 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65708	222 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65709	223 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65710	224 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65711	225 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65712	226 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65713	227 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65714	228 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65715	229 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65716	230 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65717	231 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65718	232 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65719	233 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65720	234 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65721	235 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65722	236 Auden Road	Clarksford, Bromsgrove	Worcestershire			Bromsgrove	B60 3AB	H	3	£110.39	£116.39			£210,000	£164,000	£164,000	£0	Mids On Social	EUV-SH	WSX176054		
65723																						

CD (UPRN)	Address 1	Address 2	Address 3	Address 4	Address 5	Local Authority	Post Code	Property Type	Beds (Beds)	Rest Exp (2 weeks)	Sanitary Convenience	Rent	% GO Retained	Tenancy Type	Indicative 100% Vacant Possession Value	EVN SH	MT-VST Unrestricted	MT-VST When Available	EVN/SH Where MT-VST is Inappropriate	Value Group	Title Review Basis	Title Number	EPC
62259	FLAT 2 Butler Court	Littlington Road	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62313	FLAT 3 Butler Court	Littlington Road	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.16	£112.16	£180.00					£72.00	£144.00	£444.00				
62348	FLAT 4 Butler Court	Littlington Road	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62371	FLAT 5 Butler Court	Littlington Road	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.16	£112.16	£180.00					£72.00	£144.00	£444.00				
62443	FLAT 6 Butler Court	Littlington Road	Worthing	West Sussex	Worthing	BN13 1SG	H	4	1	£132.06	£142.06	£390.00					£91.30	£182.00	£512.00				
62471	FLAT 7 Butler Court	Littlington Road	Worthing	West Sussex	Worthing	BN13 1SG	H	4	1	£132.06	£142.06	£390.00					£91.30	£182.00	£512.00				
62500	FLAT 8 Butler Court	Littlington Road	Worthing	West Sussex	Worthing	BN13 1SG	H	4	1	£132.14	£142.14	£390.00					£91.30	£182.00	£512.00				
62547	FLAT 9 Butler Court	Littlington Road	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62576	FLAT 10 Butler Court	Littlington Road	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62609	FLAT 11 Butler Court	Littlington Road	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62644	FLAT 12 Butler Court	Littlington Road	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62677	FLAT 13 Butler Court	Littlington Road	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.16	£112.16	£180.00					£72.00	£144.00	£444.00				
62700	FLAT 14 Butler Court	Littlington Road	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62730	FLAT 15 Butler Court	Littlington Road	Worthing	West Sussex	Worthing	BN13 1SG	H	4	1	£132.06	£142.06	£390.00					£91.30	£182.00	£512.00				
62769	FLAT 16 Butler Court	Littlington Road	Worthing	West Sussex	Worthing	BN13 1SG	H	4	1	£132.06	£142.06	£390.00					£91.30	£182.00	£512.00				
62797	FLAT 17 Butler Court	Littlington Road	Worthing	West Sussex	Worthing	BN13 1SG	H	4	1	£132.06	£142.06	£390.00					£91.30	£182.00	£512.00				
62825	FLAT 18 Butler Court	Littlington Road	Worthing	West Sussex	Worthing	BN13 1SG	H	4	1	£132.14	£142.14	£390.00					£91.30	£182.00	£512.00				
62851	FLAT 19 Butler Court	Littlington Road	Worthing	West Sussex	Worthing	BN13 1SG	H	4	1	£132.16	£142.16	£390.00					£91.30	£182.00	£512.00				
62883	FLAT 20 Butler Court	Littlington Road	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62957	FLAT 21 Butler Court	Littlington Road	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62979	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62984	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62985	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62986	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62987	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62988	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62989	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62990	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62991	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62992	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62993	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62994	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62995	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62996	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62997	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62998	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
62999	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63000	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63001	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63002	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63003	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63004	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63005	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63006	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63007	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63008	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63009	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63010	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63011	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63012	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63013	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63014	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63015	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63016	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63017	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63018	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63019	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63020	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63021	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63022	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63023	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63024	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63025	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63026	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63027	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14	£112.14	£180.00					£72.00	£144.00	£444.00				
63028	21 London Road	Northlandham	Worthing	West Sussex	Worthing	BN13 1SG	F	2	1	£102.14													

U (UPN)	Address 1	Address 2	Address 3	Address 4	Address 5	Local Authority	Post Code	Property Type	Beds (B-RdSt)	Est (sq wds)	SAVINTS CONVEGENCE RATE	EVV-SH When Imp.	% SO (RdSt)	Tenancy Type	Indicative % Value	EVV-SH	MY-STT Unrestricted	MY-STT With Avail.	EVV-SH When Imp.	Value Group	Title Review Basis	Tin Number	EPC	
53156	59 Greenlands	Litlington	West Sussex			Anan	BN17 7HF	H	3	1120.83	1120.83		£210,000			£77,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
53178	59 Greenlands	Litlington	West Sussex			Anan	BN17 7HF	H	3	1120.83	1120.83		£210,000			£77,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
53193	76 Greenlands	Litlington	West Sussex			Anan	BN17 7HF	H	3	1120.83	1120.83		£210,000			£77,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
53203	76 Greenlands	Litlington	West Sussex			Anan	BN17 7HF	H	3	1120.83	1120.83		£210,000			£77,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
53225	101 Greenlands	Litlington	West Sussex			Anan	BN17 7HF	H	3	1120.83	1120.83		£210,000			£77,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
53241	291 Hamlet Court	Wick, Litlington	West Sussex			Working				£120.83	£120.83		£210,000			£77,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
52884	291 Heylers Green	Litlington	West Sussex			Anan	BN17 7HB	H	3	1120.83	1120.83		£210,000			£77,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
53006	31 Joyce Green	Litlington	West Sussex			Anan	BN17 7HB	H	3	1120.83	1120.83		£210,000			£77,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
53018	3181 Road	Litlington	West Sussex			Anan	BN17 7HB	H	3	1120.83	1120.83		£210,000			£77,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
52296	3 Joyce Close	Wick, Litlington	West Sussex			Anan	BN17 7AS	H	3	1120.83	1120.83		£210,000			£77,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
53013	3 Joyce Close	Wick, Litlington	West Sussex			Anan	BN17 7AS	H	3	1120.83	1120.83		£210,000			£77,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
53183	72 Joyce Close	Wick, Litlington	West Sussex			Anan	BN17 7AS	H	3	1120.83	1120.83		£210,000			£77,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
53184	31 Linnick Court	Litlington	West Sussex			Working				£120.83	£120.83		£210,000			£77,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
52010	17 Pils Court	Linnick Avenue	Bognor Regis	West Sussex		Anan	PO21 3PU	H	3	1120.83	1120.83		£210,000			£77,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
52277	2 Pils Court	Linnick Avenue	Bognor Regis	West Sussex		Anan	PO21 3PU	H	3	1120.83	1120.83		£210,000			£77,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
52280	1 Pils Court	Linnick Avenue	Bognor Regis	West Sussex		Anan	PO21 3PU	H	3	1120.83	1120.83		£210,000			£77,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
52345	17 Pils Court	Linnick Avenue	Bognor Regis	West Sussex		Anan	PO21 3PU	H	3	1120.83	1120.83		£210,000			£77,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
53008	19 Montrose Court	Wick, Litlington	West Sussex			Anan	BN17 4BS	H	3	1120.83	1120.83		£210,000			£77,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
53223	102 Orchard Way	Bognor Regis	West Sussex			Anan	PO22 3JB	H	2	1108.47	1108.47		£210,000			£70,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
53171	11 Rafter Martin	BN13 1DB	West Sussex			Working	BN13 1DB	H	3	1120.83	1120.83		£210,000			£70,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
53058	37 Rushdown Road	Working	West Sussex			Working	BN11 8DZ	H	3	1120.83	1120.83		£210,000			£84,000	£168,000	£168,000	£168,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
53146	16 The Quadrant	Working	West Sussex			Working	BN11 8HE	H	3	1120.83	1120.83		£270,000			£84,000	£216,000	£216,000	£216,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
53174	5117 The Strand	Working	West Sussex			Working	BN11 8DZ	H	3	1120.83	1120.83		£270,000			£84,000	£216,000	£216,000	£216,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
52800	59 Thornhill Road	Litlington	West Sussex			Anan	BN17 6DE	H	3	1120.83	1120.83		£280,000			£77,000	£224,000	£224,000	£224,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
52801	1 Busby Terrace	Western Road	West Sussex			Anan	BN17 7BP	H	2	1108.47	1108.47		£280,000			£70,000	£220,000	£220,000	£220,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
52270	2 Busby Terrace	Western Road	West Sussex			Anan	BN17 7BP	H	2	1108.47	1108.47		£280,000			£70,000	£220,000	£220,000	£220,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
52282	4 Busby Terrace	Litlington	West Sussex			Anan	BN17 7BP	H	2	1108.47	1108.47		£280,000			£70,000	£220,000	£220,000	£220,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
52362	4 Busby Terrace	Western Road	Litlington	West Sussex		Anan	BN17 7BP	H	2	1108.47	1108.47		£280,000			£70,000	£220,000	£220,000	£220,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
52386	6 Busby Terrace	Western Road	Litlington	West Sussex		Anan	BN17 7BP	H	2	1108.47	1108.47		£280,000			£70,000	£220,000	£220,000	£220,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
52388	8 Busby Terrace	Western Road	Litlington	West Sussex		Anan	BN17 7BP	H	2	1108.47	1108.47		£280,000			£70,000	£220,000	£220,000	£220,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
53150	55 Whitcroft	Wick, Litlington	West Sussex			Anan	BN17 7NY	H	3	1120.85	1120.85		£290,000			£77,000	£200,000	£200,000	£200,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
52985	11 Wilkhouse	Wick, Litlington	West Sussex			Anan	BN17 7AS	H	3	1120.83	1120.83		£290,000			£77,000	£200,000	£200,000	£200,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
53117	48 Wick Street	Litlington	West Sussex			Anan	BN17 7FA	H	3	1120.83	1120.83		£290,000			£77,000	£200,000	£200,000	£200,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
52920	20 Rapard Way	Wick, Litlington	West Sussex			Working	BN13 2DQ	H	3	1120.83	1120.83		£290,000			£77,000	£200,000	£200,000	£200,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
52269	3 Clayton Walk	Working	West Sussex			Working	BN11 3ZW	H	3	1120.83	1120.83		£270,000			£84,000	£216,000	£216,000	£216,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
54884	1 Cogges Close	Raunds, Wellingborough	Northamptonshire			asst Northamptonshire	NN6 6NU	H	2	1117.60	1117.60		£270,000			£75,000	£202,000	£202,000	£202,000	£0	Mids GN Social	MY-STT	WSK167934	
54885	2 Cogges Close	Raunds, Wellingborough	Northamptonshire			asst Northamptonshire	NN6 6NU	H	2	1117.60	1117.60		£270,000			£75,000	£202,000	£202,000	£202,000	£0	Mids GN Social	MY-STT	WSK167934	
54886	3 Cogges Close	Raunds, Wellingborough	Northamptonshire			asst Northamptonshire	NN6 6NU	H	2	1117.60	1117.60		£270,000			£75,000	£202,000	£202,000	£202,000	£0	Mids GN Social	MY-STT	WSK167934	
54887	4 Cogges Close	Raunds, Wellingborough	Northamptonshire			asst Northamptonshire	NN6 6NU	H	2	1117.60	1117.60		£270,000			£75,000	£202,000	£202,000	£202,000	£0	Mids GN Social	MY-STT	WSK167934	
54888	9 Cogges Close	Raunds, Wellingborough	Northamptonshire			asst Northamptonshire	NN6 6NU	H	2	1117.60	1117.60		£270,000			£75,000	£202,000	£202,000	£202,000	£0	Mids GN Social	MY-STT	WSK167934	
54889	10 Cogges Close	Raunds, Wellingborough	Northamptonshire			asst Northamptonshire	NN6 6NU	H	2	1117.60	1117.60		£270,000			£75,000	£202,000	£202,000	£202,000	£0	Mids GN Social	MY-STT	WSK167934	
54890	11 Cogges Close	Raunds, Wellingborough	Northamptonshire			asst Northamptonshire	NN6 6NU	H	2	1117.60	1117.60		£270,000			£75,000	£202,000	£202,000	£202,000	£0	Mids GN Social	MY-STT	WSK167934	
54891	19 Cogges Close	Raunds, Wellingborough	Northamptonshire			asst Northamptonshire	NN6 6NU	H	2	1117.60	1117.60		£270,000			£75,000	£202,000	£202,000	£202,000	£0	Mids GN Social	MY-STT	WSK167934	
54892	17 Cogges Close	Raunds, Wellingborough	Northamptonshire			asst Northamptonshire	NN6 6NU	H	2	1117.60	1117.60		£270,000			£75,000	£202,000	£202,000	£202,000	£0	Mids GN Social	MY-STT	WSK167934	
54893	19 Cogges Close	Raunds, Wellingborough	Northamptonshire			asst Northamptonshire	NN6 6NU	H	2	1117.60	1117.60		£270,000			£75,000	£202,000	£202,000	£202,000	£0	Mids GN Social	MY-STT	WSK167934	
54894	19 Cogges Close	Raunds, Wellingborough	Northamptonshire			asst Northamptonshire	NN6 6NU	H	2	1117.60	1117.60		£270,000			£75,000	£202,000	£202,000	£202,000	£0	Mids GN Social	MY-STT	WSK167934	
54213	FLAT 2-2	Cogges Close	Inds, Wellingborough	Northamptonshire		asst Northamptonshire	NN6 6NU	F	1	1182.82	1182.82		£110,000			£48,000	£82,500	£82,500	£82,500	£0	Mids GN Social Flats	MY-STT	WSK167934	
54214	FLAT 2-2	Cogges Close	Inds, Wellingborough	Northamptonshire		asst Northamptonshire	NN6 6NU	F	1	1182.82	1182.82		£110,000			£48,000	£82,500	£82,500	£82,500	£0	Mids GN Social Flats	MY-STT	WSK167934	
54215	FLAT 2-8	Cogges Close	Inds, Wellingborough	Northamptonshire		asst Northamptonshire	NN6 6NU	F	1	1182.80	1182.80		£110,000			£48,000	£82,500	£82,500	£82,500	£0	Mids GN Social Flats	MY-STT	WSK167934	
54216	FLAT 2-8	Cogges Close	Inds, Wellingborough	Northamptonshire		asst Northamptonshire	NN6 6NU	F	1	1181.78	1181.78		£110,000			£48,000	£82,500	£82,500	£82,500	£0	Mids GN Social Flats	MY-STT	WSK167934	
55042	18 Harbourside Road	Oxendon, Market Harborough	Leicestershire			Daverly	LE15 8NA	H	3	1150.37	1150.37		£300,000			£227,894	£227,894	£227,894	£227,894	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
54071	11 Hatfield Walk	Worthing	West Sussex			Working	BN13 2SB	H	3	1120.83	1120.83		£300,000			£88,000	£216,000	£216,000	£216,000	£0	SE General Social Flats 216 and Houses 735	MY-STT	WSK167934	
54087	380 Highfield Road	Varley Wood	Birmingham			Birmingham	B14 4DU	H	1	134.71	134.71		£84,000			£24,000	£60,000	£60,000	£60,000	£0	Mids (Sham) HOP	MY-STT	WSK167934	
54088	380 Highfield Road	Varley Wood	Birmingham			Birmingham	B14 4DU	H	1	134.71	134.71		£84,000			£24,000	£60,000	£60,000	£60,000	£0	Mids (Sham) HOP	MY-STT	WSK167934	
54089	384 Highfield Road																							

ID (UPRN)	Address 1	Address 2	Address 3	Address 4	Address 5	Local Authority	Post Code	Property Type	Use (B08)	Rent Gps (2 weeks)	Swalls	Convergence	Rent	T/S to road (m)	Tenancy Type	Indicative % of Vacant Possession Value	EUV-3H	MT-ST Unrestricted	MT-ST Whole Assets	EUV-3H Where MT-ST is applicable	Value Group	Title Register Basis	Title Number	EPC	
54043	FLAT 313 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54044	FLAT 315 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54045	FLAT 317 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	180.34	180.34						£100,000	£35,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54046	FLAT 319 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54047	FLAT 321 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54048	FLAT 323 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	180.34	180.34						£100,000	£35,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54049	FLAT 325 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54050	FLAT 327 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54051	FLAT 329 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54052	FLAT 331 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54053	FLAT 333 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54054	FLAT 335 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54055	FLAT 337 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54056	FLAT 339 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54057	FLAT 341 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54058	FLAT 343 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54059	FLAT 345 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54060	FLAT 347 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54061	FLAT 349 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54062	FLAT 351 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54063	FLAT 353 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	180.34	180.34						£100,000	£35,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54064	FLAT 355 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54065	FLAT 357 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54066	FLAT 359 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54067	FLAT 361 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54068	FLAT 363 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54069	FLAT 365 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54070	FLAT 367 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54071	FLAT 369 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54072	FLAT 371 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54073	FLAT 373 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54074	FLAT 375 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54075	FLAT 377 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54076	FLAT 379 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54077	FLAT 381 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54078	FLAT 383 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54079	FLAT 385 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54080	FLAT 387 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54081	FLAT 389 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54082	FLAT 391 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54083	FLAT 393 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54084	FLAT 395 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54085	FLAT 397 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54086	FLAT 399 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54087	FLAT 401 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54088	FLAT 403 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54089	FLAT 405 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54090	FLAT 407 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54091	FLAT 409 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54092	FLAT 411 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54093	FLAT 413 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54094	FLAT 415 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54095	FLAT 417 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54096	FLAT 419 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54097	FLAT 421 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54098	FLAT 423 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP	MT-VSTT	WM132040	
54099	FLAT 425 Catherine Court	Holly Lane	Edrington	Birmingham		Birmingham	B44 8LU	F	1	184.09	184.09						£100,000	£37,000	£60,000	£60,000	£0	Mids (tham) HCP			

ID (UPRN)	Address 1	Address 2	Address 3	Address 4	Address 5	Local Authority	Post Code	Property Type	Side (if both)	Rent Exp (62 weeks)	Swalls	Convergence	Rent	% to Sold	Tenancy Type	Indicative NPV	Value Possession Value	EUV-3H	MV-STT Unrestricted	MV-STT	Where MV-STT is Inapplicable	Value Group	Title Review Basis	Title Number	EPC
6408	FLAT 18	8 Parfield Road	Croydon	Surry	Croydon	CR0 3SL	F	2		£114.40	£114.24			226,000		189,000		198,750	£198,750	£198,750	£0	Lon GN Social	MV-STT	SGL56591	
6409	FLAT 19	8 Parfield Road	Croydon	Surry	Croydon	CR0 3SL	F	2		£183.40	£183.40			£155,000		£155,000		£155,000	£155,000	£155,000	£0	Lon GN Social	MV-STT	SGL56591	
6420	FLAT 20	8 Parfield Road	Croydon	Surry	Croydon	CR0 3SL	F	2		£118.27	£118.27			£266,000		£80,000		£198,750	£198,750	£198,750	£0	Lon GN Social	MV-STT	SGL56591	
6421	FLAT 21	8 Parfield Road	Croydon	Surry	Croydon	CR0 3SL	F	2		£118.27	£118.27			£266,000		£80,000		£198,750	£198,750	£198,750	£0	Lon GN Social	MV-STT	SGL56591	
6436	FLAT 52	8 Parfield Road	Croydon	Surry	Croydon	CR0 3SL	F	2		£118.27	£118.24			£266,000		£189,000		£198,750	£198,750	£198,750	£0	Lon GN Social	MV-STT	SGL56591	
6420	FLAT 23	8 Parfield Road	Croydon	Surry	Croydon	CR0 3SL	F	2		£118.27	£118.24			£266,000		£89,000		£198,750	£198,750	£198,750	£0	Lon GN Social	MV-STT	SGL56591	
6481	FLAT 44	8 Parfield Road	Croydon	Surry	Croydon	CR0 3SL	F	2		£118.27	£118.24			£266,000		£189,000		£198,750	£198,750	£198,750	£0	Lon GN Social	MV-STT	SGL56591	
3334	2 Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	F	2		£95.79	£106.79			£190,000		£106,790		£143,105	£143,105	£143,105	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3336	2 Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	F	2		£95.79	£106.79			£190,000		£106,790		£143,105	£143,105	£143,105	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
2338	7 Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	H	3		£105.39	£105.39			£230,000		£174,000		£173,232	£173,232	£173,232	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3340	13 Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	H	3		£95.79	£106.79			£190,000		£106,790		£143,105	£143,105	£143,105	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3343	15 Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	H	3		£105.39	£105.39			£230,000		£174,000		£173,232	£173,232	£173,232	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3345	17 Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	H	3		£95.79	£106.79			£190,000		£106,790		£143,105	£143,105	£143,105	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
2954	28 Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	H	3		£105.39	£105.39			£230,000		£174,000		£173,232	£173,232	£173,232	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3356	30 Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	H	3		£105.39	£105.39			£230,000		£174,000		£173,232	£173,232	£173,232	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3367	31 Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	H	3		£105.39	£105.39			£230,000		£174,000		£173,232	£173,232	£173,232	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3368	33 Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	H	3		£105.39	£105.39			£230,000		£174,000		£173,232	£173,232	£173,232	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3369	35 Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	H	3		£105.39	£105.39			£230,000		£174,000		£173,232	£173,232	£173,232	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3370	37 Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	H	3		£105.39	£105.39			£230,000		£174,000		£173,232	£173,232	£173,232	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3371	39 Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	H	3		£105.39	£105.39			£230,000		£174,000		£173,232	£173,232	£173,232	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3372	75 Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	H	3		£95.79	£106.79			£190,000		£106,790		£143,105	£143,105	£143,105	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3364	FLAT 59	Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	F	2	£88.50	£96.60			£190,000		£83,000		£124,275	£124,275	£124,275	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3364	FLAT 59	Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	F	2	£88.50	£96.60			£190,000		£83,000		£124,275	£124,275	£124,275	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3335	FLAT 59	Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	F	2	£88.50	£96.60			£190,000		£83,000		£124,275	£124,275	£124,275	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3335	FLAT 59	Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	F	2	£88.50	£96.60			£190,000		£83,000		£124,275	£124,275	£124,275	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3341	FLAT 16	Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	F	2	£88.50	£96.60			£190,000		£83,000		£124,275	£124,275	£124,275	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3341	FLAT 16	Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	F	2	£88.50	£96.60			£190,000		£83,000		£124,275	£124,275	£124,275	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3344	FLAT 22	Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	F	2	£88.50	£96.60			£190,000		£83,000		£124,275	£124,275	£124,275	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3344	FLAT 22	Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	F	2	£88.50	£96.60			£190,000		£83,000		£124,275	£124,275	£124,275	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3348	FLAT 21	Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	F	2	£88.50	£96.60			£190,000		£83,000		£124,275	£124,275	£124,275	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
3348	FLAT 21	Linden Drive	Sheerness	Kent	Sheerness	Swale	ME12 1LG	F	2	£88.50	£96.60			£190,000		£83,000		£124,275	£124,275	£124,275	£0	SE General Social (Flats 216 and Houses 735)	MV-STT	SGL56591	
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Appendix 3

UK Housing Market Update

UK Housing Market Update

House price growth remains strong as activity returns to more normal levels

House prices rose by 0.9% in November according to Nationwide, putting annual growth back to double digits at 10.0%. Strengthening buyer demand, as reported in the latest RICS survey, coupled with limited supply on the market will keep price growth in positive territory.

The end of the stamp duty holiday has brought with it a dip in activity, with UK mortgage approvals in October 4% lower than the 2017-19 average for the month, according to the Bank of England. Completed transactions also dipped below their pre-pandemic average. But new sales agreed are still running at elevated levels according to TwentyCi, suggesting the year end is likely to be busier than usual.

Numbers of new Buy to Let (BTL) mortgages have doubled over the last year, according to UK Finance, with latest data showing 13,000 BTL loans in September. Mortgaged landlords have increased their share of the market since September 2020, as have home-movers, while first-time buyers (FTBs) now account for a lower share of the market. The increased investor activity is likely to have been in

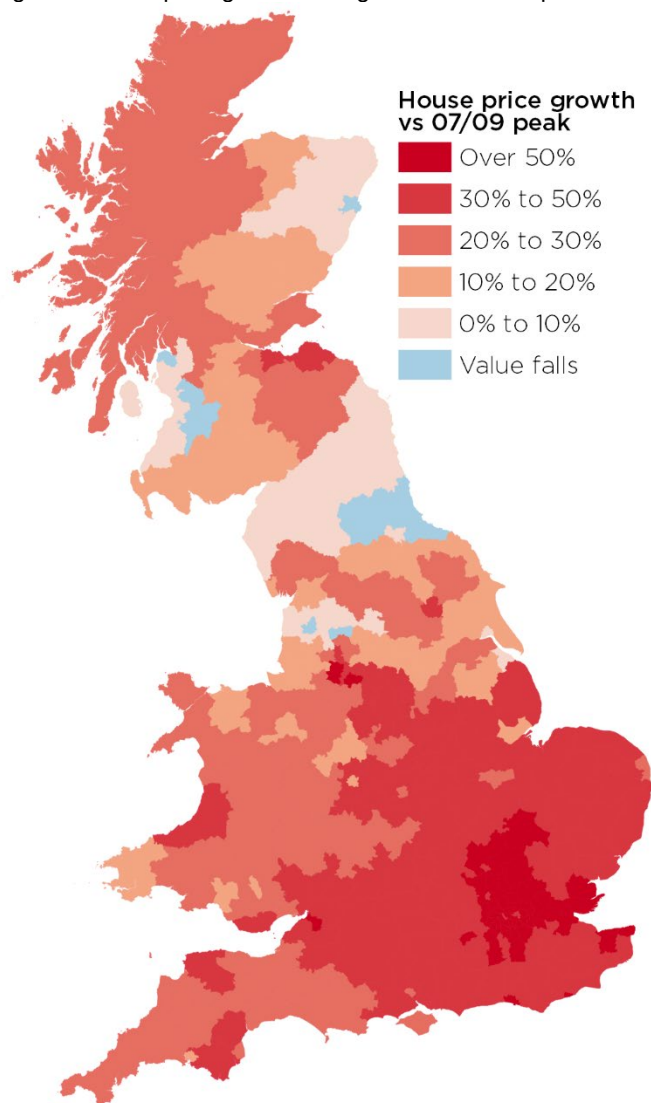
competition with FTBs purchasing in the lower part of the market. The average purchase prices for FTBs and BTL investors were similar, at £250k and £220k respectively.

These new landlords are likely to benefit from increasing demand in the rental market. Tenant demand has been positive across all regions and London has experienced the most dramatic turnaround. The RICS survey reported the highest quarterly reading for London since the series began in 1999.

As a result, the average UK rent increased 4.6% over the year to September, according to Zoopla. Rents grew strongest in the South West, up 12%, and least in London, still 4% down on last year. However, the capital saw rental growth of 2% between August and September alone.

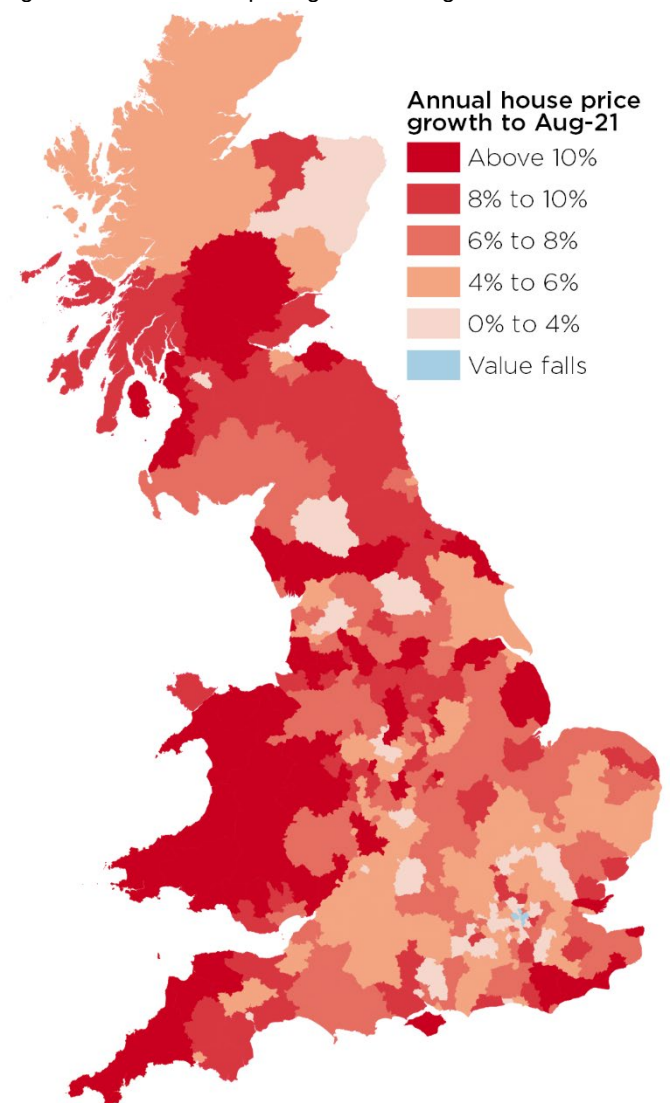
The top three local authorities for annual house price growth in August were all in Wales, with Ceredigion at 18.4% followed by Pembrokeshire and Monmouthshire at 16.4% and 16.2% respectively. Only London boroughs experienced annual house price falls, including Southwark at -3.0% and Kensington and Chelsea at -2.9%.

Figure 1 House price growth to Aug-21 since 07/08 peak



Source Savills using HM Land Registry and Registers of Scotland (6 month smoothed)*

Figure 2 Annual house price growth to Aug-21



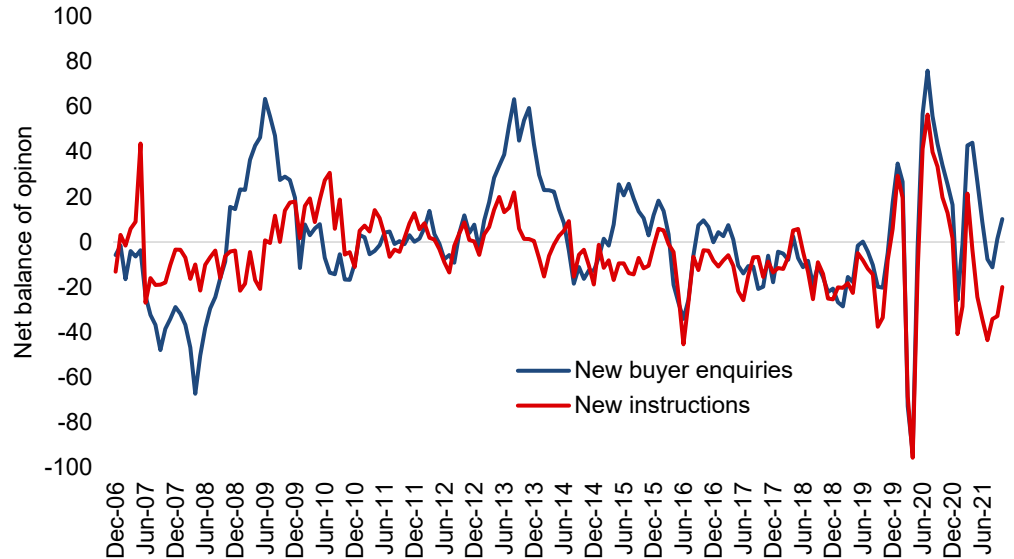
Source Savills using HM Land Registry and Registers of Scotland (6 month smoothed)*

The RICS survey for October showed that levels of demand picked up slightly. A majority of surveyors reported rising new buyer enquiries, at a net balance of +10, up from an almost neutral reading of +1 in August.

Most surveyors still reported falling new instructions, with a net balance of -20, compared to September's -33%. This is the 7th consecutive month new instructions have been reported to be falling across the UK.

This sustained gap between supply and demand will underpin continued house price growth.

Figure 3 Demand picked up again in October while supply remained constrained



Source RICS (seasonally adjusted)

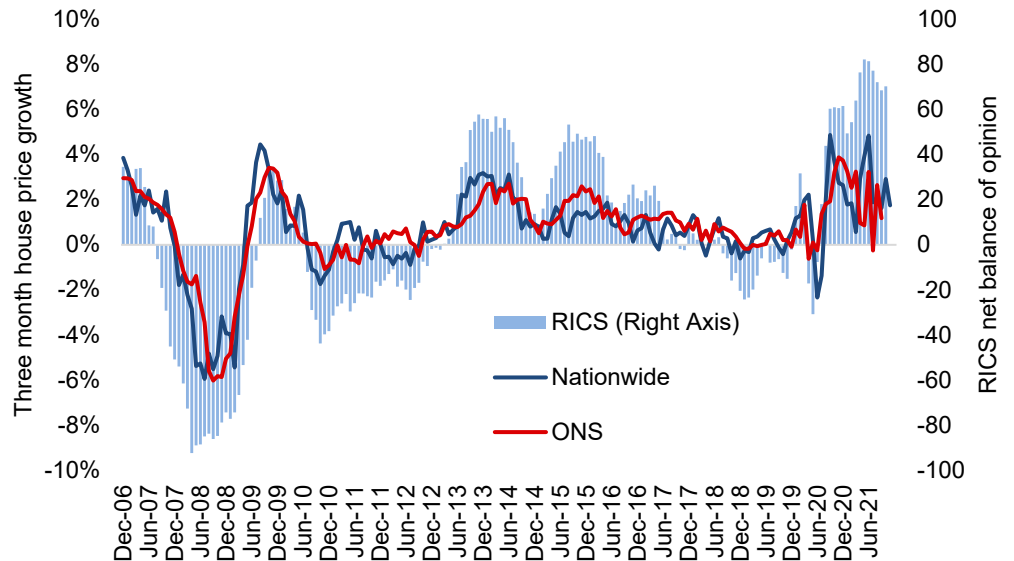
The RICS survey can be a good early indicator of house price movements, which are later picked up by other indices.

The majority of respondents (+70%) reported rising house prices at a national level, as well as in all regions and devolved nations.

House prices increased by 1.7% over the three months to November according to Nationwide, down from 2.9% in October as August was a particularly strong month for house price growth.

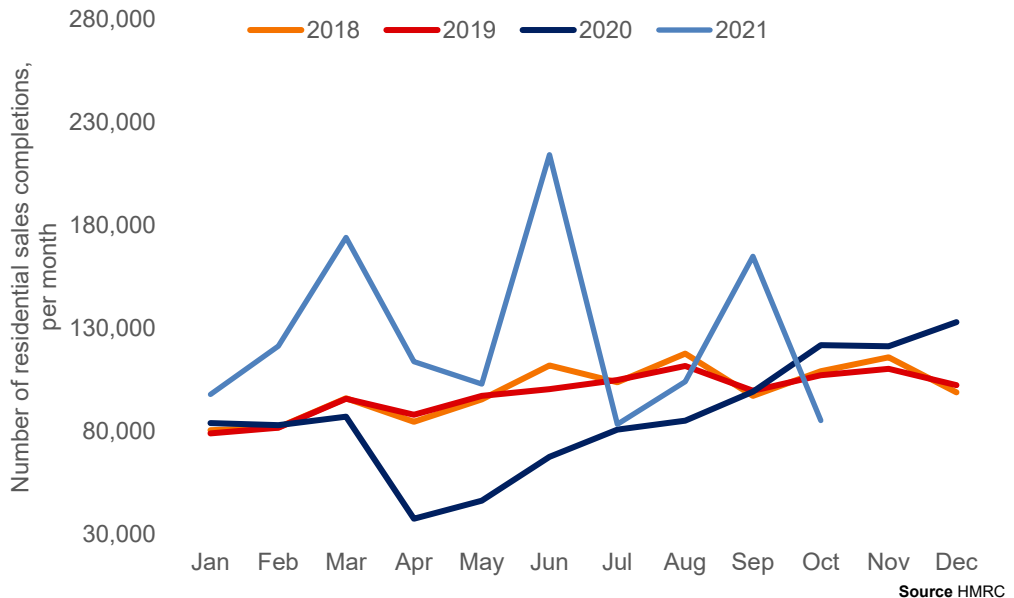
The ONS index gave a three month house price growth figure of 1.2% to September, slightly down on the 2.6% reported in August.

Figure 4 House price growth remains positive



Source RICS, Nationwide, ONS (seasonally adjusted)

Figure 5 Transactions tumble following the end of the SDLT holiday



Source HMRC

Transactions tumbled in October following a September high, as buyers rushed to meet the final stamp duty holiday deadline. 85,090 completed sales were recorded in the month, 48% down on September's peak. This is -21% off the 2017-19 October average, but September was 63% above the average for the month.

We would expect transaction levels to begin to track back to normal levels following the distortion of the tax break.

UK Housing Market Update

Table 1 Recent house price growth

	Nationwide (Regions to Q3 2021, UK to Nov-21)			ONS (to Sep-21)			Savills (to Aug-21)		
	m/m	q/q	y/y	m/m	q/q	y/y	m/m	q/q	y/y
UK	0.9%	2.1%	9.9%	2.6%	1.2%	11.8%	0.4%	1.3%	7.3%
London	-	-1.1%	4.2%	-3.4%	-0.6%	2.8%	0.1%	-0.1%	3.3%
South East	-	1.6%	9.8%	2.7%	2.2%	11.8%	0.5%	1.1%	6.5%
East of England	-	1.5%	8.8%	1.3%	0.6%	9.4%	0.6%	1.3%	5.9%
South West	-	2.1%	9.8%	4.0%	0.4%	11.8%	0.2%	0.9%	6.9%
East Midlands	-	1.4%	10.6%	4.7%	2.1%	14.8%	0.8%	2.1%	7.6%
West Midlands	-	1.0%	10.0%	3.0%	-0.2%	11.7%	0.8%	2.0%	7.1%
North East	-	2.5%	10.8%	3.6%	1.8%	13.2%	0.9%	2.1%	8.3%
Yorks & Humber	-	2.0%	12.3%	4.1%	-0.8%	12.0%	0.7%	1.8%	7.9%
North West	-	1.6%	11.5%	5.0%	1.4%	16.9%	0.6%	1.9%	8.6%
Wales	-	3.7%	15.3%	4.2%	0.4%	15.5%	1.3%	3.3%	10.7%
Scotland	-	3.0%	11.6%	0.0%	3.8%	12.4%	0.8%	2.1%	8.4%

Source Savills using HM Land Registry and Registers of Scotland (6 month smoothed)*, Nationwide (seasonally adjusted), ONS (seasonally adjusted)

Table 2 House price forecasts (published November 2021)

Region	2022	2023	2024	2025	2026	5 years to 2026
UK	3.5%	3.0%	2.5%	2.0%	1.5%	13.1%
London	2.0%	1.5%	1.0%	0.5%	0.5%	5.6%
South East	3.0%	2.5%	2.0%	1.5%	1.0%	10.4%
East of England	3.0%	2.5%	2.0%	1.5%	1.0%	10.4%
South West	3.5%	3.0%	2.5%	2.0%	1.5%	13.1%
East Midlands	4.0%	3.5%	3.0%	2.5%	2.0%	15.9%
West Midlands	4.0%	3.5%	3.0%	2.5%	2.0%	15.9%
North East	4.0%	3.5%	3.5%	3.0%	2.5%	17.6%
Yorks & Humber	4.5%	4.0%	3.5%	3.0%	2.5%	18.8%
North West	4.5%	4.0%	3.5%	3.0%	2.5%	18.8%
Wales	4.0%	4.0%	3.5%	3.0%	2.5%	18.2%
Scotland	4.0%	3.5%	3.0%	2.5%	2.0%	15.9%

Savills team
Please contact us for
further information

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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 4 Photographs

Photographic Schedule



Barnet Way, Worthing, BN13 2QR



**Burndell Road, Yapton,
Ryebank Walk, BN18 0FJ**



Butcher Close, Angmering, BN16 4FF



**Coates Avenue, Sheerness,
ME12 1LE**

Photographic Schedule



Coldbath Street, Greenwich, SE13 7RE



Fairfield Road, Croydon, CR0 5LH



Highfield Place, Birmingham, B14 4DU



Friar Walk, Worthing, BN13 1BL

Photographic Schedule



Joyce Close, Wick, BN17 7JG



Mansard Beeches, Wandsworth, SW17 9DA



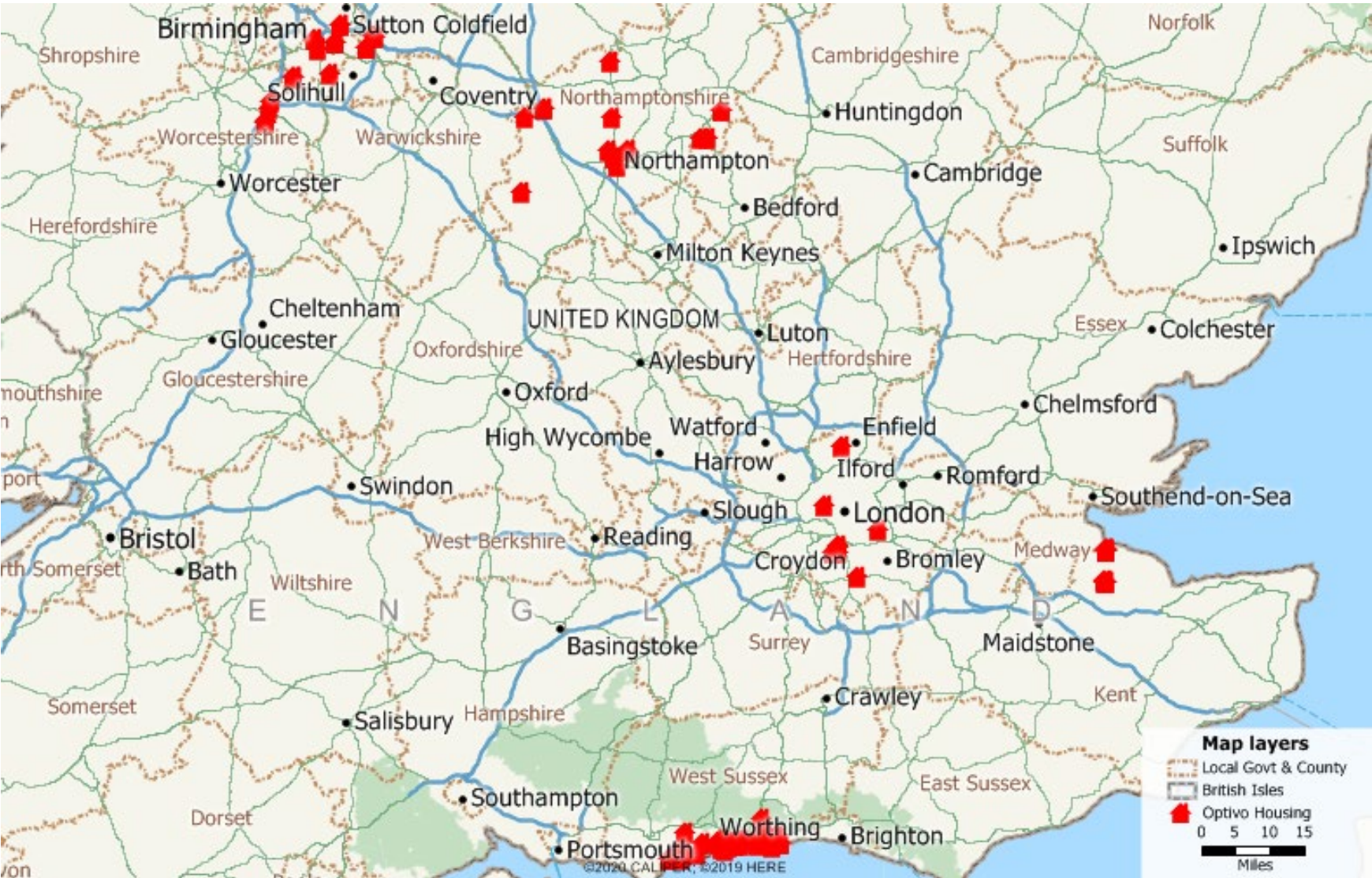
Queensway, Sheerness, ME12 1LH



Ridham Avenue, Kemsley, ME10 2SF

Appendix 5 Map of Stock

Stock Location Map



Appendix 6

Confirmation of Instruction Letter

Andrew Garratt FRICS
E: AGarratt@savills.com
M: +44 (0) 780 799 9579

24 February 2022

Our Ref: 485583

33 Margaret Street, London, W1G 0JD
T: +44 (0) 20 7499 8644
savills.com

Optivo Finance plc as issuer

Grosvenor House,
125 High Street,
Croydon,
London
CR0 9XP

(the **Addressee(s)**)

For the attention of Joanne Paine, Treasury Manager

Dear Madam

BORROWER: OPTIVO FINANCE PLC
PROPERTY: 1120 RENTED PROPERTIES IN THE SOUTH EAST, LONDON AND THE MIDLANDS

CONFIRMATION OF TERMS OF ENGAGEMENT FOR THE PROVISION OF VALUATION ADVICE

1. Thank you for your correspondence dated 1 July 2021. We are grateful to you for your kind instructions to advise and now write to confirm the terms upon which Savills Advisory Services Limited (**Savills, we or us**) will provide Optivo Finance plc (**you**) with a valuation report (the **Valuation or Report**) in respect of the above property or properties (each being a **Property**).
2. Our Valuation will be undertaken on the terms set out in this letter, including its appendices.
3. Please sign and return a copy of this letter to us to confirm your acceptance of the terms set out herein. In particular, we draw your attention to the fact that when signing this letter you are confirming your agreement to the limitation of our liability set out at paragraphs 8 - 12 inclusive.
4. Please note we will be unable to formally issue our final Report to you, and you will be unable to rely upon the contents of our Report, until such time as we have received your signed copy of this letter.
5. To the extent that there is conflict or inconsistency between this confirmation of instruction letter and your correspondence referred to above, this confirmation of instruction letter will prevail.

CONFLICTS OF INTEREST

6. 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 valuers' ability to provide an impartial and independent valuation. Therefore, the valuers will report an objective and unbiased valuation.

RICS RED BOOK

7. We shall prepare our Valuation in accordance with the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2020 together, where applicable, with the UK National Supplement effective 14 January 2019, together the “Red Book”. Accordingly, we confirm that:

(a) Identification and status of the Valuer

- (i) The Valuation will be the responsibility of and the Report will be signed by Andrew Garratt FRICS, RICS Registered Valuer (the **Valuer**). The Valuer will work with colleagues as appropriate, and the Report will be counter-signed by at least one other RICS Registered Valuer.
- (ii) The Valuer has sufficient current knowledge of the particular market(s) and sufficiently developed skills and understanding to undertake the valuation competently.

We are acting as an “external valuer” as defined in the Red Book and within Appendix 1.

(b) Identification of the client and other intended users

The client is the addressee of this letter. We will address our Report to the Addressee.

(c) Identification of the asset or liability to be valued

- (i) The interest/interests to be valued is/are detailed below:

Property Address	Tenure	Use
1120 properties in the South East, London and the Midlands	Freehold/ Leasehold	Residential – Rented houses and flats

- (ii) The interest/interests will be valued subject to the current occupational agreement/agreements, details to be confirmed in our Report.

- (iii) The interests to be valued are held for Housing Association residential letting purposes.

(d) The valuation will be in pounds sterling.

(e) Purpose of the valuation

The Valuation is required for loan security (refinance) purposes. It is important that the Report is not used out of context or for the purposes for which it was not intended. We shall have no responsibility or liability to any party in the event that the Report is used outside of the purposes for which it was intended, or outside of the restrictions on its use set out at sub-paragraph (l) below.

You have instructed us to report on the suitability of the property for lending purposes. So that we may do this, please provide details of the loan. This is a Red Book requirement and we will not be able to address this question, other than in general terms, without this information.

(f) Bases of value

The basis of our Valuation will be Existing Use Value - Social Housing, the definition of which is set out at **Appendix 1** (attached).

(g) Valuation date

The Valuation dates will be September 2021 for the 282 units forming tranche 1 and December 2021 for the 838 units forming tranche 2.

Our Report will include a market conditions explanatory note. The current definition, as drafted by the RICS is set out below. It is possible the definition will be updated prior to the Valuation date and if this is the case we will include the updated version in our Report.

Market conditions explanatory note: Novel Coronavirus (COVID-19)

The COVID-19 pandemic and measures to tackle it continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly - and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

This explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential 'for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

(h) Extent of investigation

(i) We will carry out an inspection of the Property and undertake investigations to the extent necessary to undertake the Valuation. We will not carry out a structural survey or test the services and nor will we inspect the woodwork and other parts of the structures which are covered, unexposed or inaccessible.

Cladding

(ii) The building has cladding and/or balconies, but further information has not been requested about whether remediation works may be required as the building falls outside the scope of current RICS advice at the time of this valuation. However, this decision is not a guarantee that works will not be required in the future.

(i) Nature and source of information to be relied upon

(i) We will carry out our Valuation based on the information listed below:

Document/Item	Source
Stocklist Data	Optivo Finance PLC

(ii) To the extent that you have provided us with information, you agree, unless it is otherwise agreed by us in writing, we can safely rely upon the accuracy, completeness and consistency of this information without further verification and that you will not hold us responsible in the event that any dispute regarding the Valuation arises from the accuracy of such information.

(iii) Floor areas:

We will not be measuring the Property. It is agreed that we will rely on gross internal floor areas provided to us by you, if available. We will not make formal searches with local planning authorities, but shall rely on the information provided informally by the local planning authority or its officers. We recommend you instruct lawyers to confirm the position in relation to planning and that the Report is reviewed in light of advice from your solicitors in this respect.

(iv) For the avoidance of doubt, we accept no liability for any inaccuracy or omission contained in information disclosed by you or any third party or from the Land Registry or any database to which we subscribe. We will highlight in our Report where we have relied on such information.

j) Assumptions and Special Assumptions

Unless otherwise agreed, our Valuation will be reported on the basis of the general assumptions attached at **Appendix 2**, and the additional assumptions at Appendix 3.

(k) Format of Report

We will adopt the relevant Savills Advisory Services Limited valuation report template, adapted, as necessary, to accommodate your instructions.

(l) Restrictions on use, distribution or publication

(i) Our Report shall be confidential to, and for the use only of, the Addressee(s) and no responsibility shall be accepted to any third party for the whole or any part of its contents.

(ii) Neither the whole nor any part of our Report or any reference to it may be included in any published document, circular or statement, nor published, reproduced, referred to or used in any way without our prior written approval (with such approval to be given or withheld at our absolute discretion).

(iii) Notwithstanding the foregoing, we confirm that we consent in principle to the Report or a summary of our Report being included in an offering document (the Materials) in connection with the Issue of Bonds, anticipated in [date] (the Proposed Transaction), provided that:

- (A) the Report or any summary shall not be published until such time as we have first approved the form and context in which the Report or summary appears (such approval not to be unreasonably withheld or delayed) and are satisfied that the Report has been accurately reproduced or the summary is sufficiently accurate and comprehensive (as the case may be);
- (B) the Materials shall make clear that, with the exception of the Report or summary, Savills does not accept any responsibility for any part of the Materials or any other information issued by you or any other person in connection with the Proposed Transaction;
- (C) such Report or summary complies in all respects with the requirements of the Red Book and any applicable regulations or directives; and
- (D) if, in our opinion, any part of our Report becomes misleading or inaccurate between the date of issue of the Report and the date of issue of any Materials we reserve the right to withdraw our consent to your use of our Report or the summary unless and until we have made such amendments to it as we (acting reasonably and without undue delay) deem necessary or desirable, notwithstanding that our doing so may necessitate deferral of publication of the relevant materials.

(iv) At the point at which the Bond is charged, a reliance letter will be issued between Savills and all Parties.

- (v) Where any Addressee is a lender, in the event of a proposal to place the loan on the Property in a syndicate, you must notify us so that we can agree the extent of our responsibility to further named parties. If this is not done or we do not agree to be responsible to further named parties, we shall have no responsibility to any party other than the Addressee(s).
 - (vi) Draft reports, if provided, will be sent on the basis that they are provisional (i.e. subject to completion of our final report) and for your internal purposes only. They must not be published or disclosed and you will not be entitled to rely upon them for any purpose whatsoever. Savills neither owes nor accepts a duty of care to you in connection with any drafts and shall not be liable to you for any loss, damage, cost or expense of whatever nature caused by your use of or reliance on them. Should you choose to rely upon a draft you do so entirely at your own risk and you are responsible for carrying out your own independent investigations.
- (m) Confirmation that the valuation will be undertaken in accordance with IVS
- We confirm we will prepare our Valuation in accordance with the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2020 together, and where applicable, with the UK National Supplement effective 14 January 2019, together the “**Red Book**”.
- We also confirm that the valuers will assess the appropriateness of all significant inputs.
- (n) The basis on which the fee will be calculated
- (i) The agreed fee for the provision of the Valuation is as agreed in recent email correspondence.
 - (ii) Our agreed fee and any expenses, together with any VAT (at the prevailing rate) on such amounts, shall become due and payable by you to us within 30 days of us issuing you with a valid VAT invoice in respect of such amounts. In the event that our fee is not paid by the date for payment we reserve the right to charge default interest at a rate of 4% above the Barclays Bank base rate for payment.
 - (iii) In the event of our instructions being terminated at any time prior to completion of our work, a fee will become payable on a time basis (at our prevailing rates) for work carried out up to the date of termination, subject to a minimum of 50% of the agreed fee, together with all expenses incurred.
 - (iv) If we incur any expenditure on solicitors or other third parties in order to recover the fee due, such amounts will be payable by you.
 - (v) If we perform any additional services for you, we will agree an additional fee with you in respect of such services and such fee shall be payable in the manner set out above.
 - (vi) You acknowledge that you shall not be entitled to rely upon our Report until such time as our fees have been paid as detailed here.
- (o) Savills Complaints Handling Procedure
- A copy of our Client Complaints Handling Procedure can be made available to you on request.
- (p) Monitoring under RICS conduct and disciplinary regulations
- Savills Advisory Services Limited is regulated by RICS for the provision of surveying services. This means we agree to uphold the RICS Rules of Conduct for Firms and all other applicable mandatory professional practice requirements of RICS, which can be found at www.rics.org. As an RICS regulated firm we have committed to cooperating with RICS in ensuring compliance with its standards. The firm’s nominated RICS Responsible Principal is Nicola McGinnis (nmcginnis@savills.com), Chief Financial Officer.

LIMITATIONS ON LIABILITY

8. Subject to paragraph 12 below, our aggregate liability to any one, or more, or all of the Addressees or any other party who otherwise becomes entitled to rely upon the Report under or in connection with this agreement and our Valuation, however that liability arises (including, without limitation, a liability arising by breach of contract, arising by tort, including, without limitation, the tort of negligence, or arising by breach of statutory duty) shall be limited to the lower of:

- (a) 33% of the Value (as defined below) of the Property stated in our Report; and
- (b) £100m

Provided that the limitation on liability set out in paragraph 8 shall not apply in the event that an investor brings a claim against the Addressee as a result of our negligence in preparing the Valuation.

9. In paragraph 8, **Value** means:

- (a) where more than one value is stated for the same Property on different bases, the highest valuation figure recorded in our Report; and
- (b) in the case of valuations of portfolios, estates, shopping centres and other multi-unit properties within one Report, the aggregate of our valuations included in the one Report.

10. You acknowledge and agree that we shall not be liable under or in connection with this agreement and the provision of our Valuation in tort (including negligence), breach of contract, breach of statutory duty or otherwise due to, under and/or arising out of or in connection with this agreement to the extent such loss or damage is consequential, indirect, special or punitive.
11. You acknowledge and agree that none of our employees, partners or consultants individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring a claim against any such individuals personally in connection with our services.
12. Nothing in this agreement shall exclude or limit our liability for death or personal injury caused by our negligence or for any other liability that cannot be excluded by law.

INSURANCE

13. During the period that we are producing our Valuation and for a period of six years thereafter, we will maintain in force, with insurers or underwriters approved by the RICS, professional indemnity insurance in an amount not less than the amount of our liability cap, as calculated pursuant to clause 8 above and shall, on your request, produce confirmation of the same from our insurance broker.

RELIANCE

14. As stated above, we accept responsibility for our Report only to the Addressees and no third party may rely on our Report. We do not accept any responsibility to, and shall have no liability in respect of, any third parties unless otherwise agreed in writing even if that third party pays all or part of our fees, or is permitted to see a copy of our Valuation. In addition, the benefit of our Report is personal and neither you nor any other Addressee may assign the benefit of our Report to any third party without our prior written consent (with such consent to be given or withheld at our absolute discretion). You acknowledge that if we agree to extend reliance on our Report to any third party or to the benefit of our Report being assigned, we will require the relevant third party or assignee to enter into a reliance letter before such party is entitled to rely upon our Report. We will provide you with a copy of our reliance letter on request. If we agree to any such extension or assignment, we may charge you an additional fee.

15. The Addressee(s) and their assignees, who may be permitted to rely on our Report, do so subject to the terms of this engagement.

CONFIDENTIALITY

16. Neither party shall disclose any confidential information relating to the affairs, business, customers or clients of the disclosing party to any other party without the disclosing party's prior written consent except to those of the receiving party's employees, officers, representatives and/or advisors who need to know the information for the purposes of carrying out the receiving party's obligations under this agreement (save to the extent that the receiving party is compelled to disclose such information by law).
17. Our Report is confidential to and for the use only of the Addressees, but the Addressees may disclose the Report on a non-reliance and without liability basis to their directors, officers, employees and professional advisers provided the relevant Addressee procures any person to whom our Report is disclosed pursuant to this paragraph 17 keeps the Report confidential and does not disclose it to any other party.

DATA PROTECTION

18. We may use your personal information in our provision of services to you. Please see our Privacy Notice for details of how your personal information will be used. Our Privacy Notice can be found at the following web address: <http://www.savills.co.uk/footer/privacy-policy.aspx>

REINSTATEMENT COSTS

19. If you have instructed us to report on the reinstatement cost of the Property for insurance purposes, we will provide you with an approximate opinion of such cost only. You acknowledge and agree that the provision of our opinion of the reinstatement cost is provided to you strictly without liability and on a non-reliance basis. If you require a reinstatement cost figure on which you may rely, please let us know and we will ask our building surveying colleagues to provide a fee estimate.

SUB-CONTRACTING

20. We may sub-contract the provision of any services to be performed by us pursuant to this agreement (including, without limitation, to other companies that are direct or indirect subsidiaries of Savills plc) provided that we will remain responsible to you for the provision of those services and the provision of our Report. We may request that you pay any sub-contractor directly for those of our fees which relate to work carried out by the sub-contractor. In these circumstances, the fees in question are to be paid by you directly to the sub-contractor and we will be entitled to assign to the sub-contractor any rights that we have in respect of those fees.

MONEY LAUNDERING

21. You shall promptly, upon request, provide us with any information reasonably required to enable us to comply with our obligations under the Money Laundering Regulations and our internal compliance policies relating to the same. For the avoidance of doubt, searches may also be conducted on your directors and "beneficial owners" as is required by the legislation. You agree that we may retain such information and documentation for these purposes and make searches of appropriate databases electronically. If such information is not provided within a reasonable time or you do not meet the requirements set out in our relevant internal policies, we may terminate this instruction immediately upon written notice to you.
22. The provision of our services is a business in the regulated sector under the Proceeds of Crime Act 2002 and, as such, we are required to comply with this legislation which includes provisions that may require us to make a money laundering disclosure in relation to information we obtain as part of our normal work. It is not our practice to inform you when such a disclosure is made or the reasons for it because of the restrictions imposed by the 'tipping off' provisions of the legislation.

HEALTH AND SAFETY

23. If we are undertaking physical inspections of the Property, you shall take reasonable steps to procure that the owner and/or occupier of the Property: (a) advises us of any hazards to which our staff may be exposed at the Property (b) provides us with any relevant health and safety policies and (c) arranges for any site visits to the Property to be hosted by a representative of the owner/occupier of the Property.

JURISDICTION

24. This agreement and any dispute arising from the Valuation is subject to English jurisdiction and law.

APPENDICES

25. Your attention is drawn to the attached appendices which form part of the agreement between us and on which our Valuation will be reported. By signing a copy of this letter you are also confirming your agreement to them.

Yours faithfully,

A handwritten signature in black ink, appearing to read "A. Garratt", with a stylized flourish at the end.

Andrew Garratt FRICS
RICS Registered Valuer

For and on behalf of Savills Advisory Services Limited



Client Acceptance

I confirm Optivo Finance plc's agreement to this letter and the attached appendices and, in particular, confirm that the limitation on liability set out in paragraph 8 above is acknowledged, considered reasonable and accepted:

Signed by Optivo Finance plc, by its duly authorised signatory

A handwritten signature in dark ink, appearing to read "S Smith", written over a horizontal line.

Signature

Name (in capitals)

Sarah Smith

Position

Chief Financial Officer

Date

25 February 2022

Appendix 1: Definitions and Bases of Valuation

Assumption

A supposition taken to be true. It involves facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, do not need to be verified by the valuer as part of the valuation process. Typically, an assumption is made where specific investigation by the valuer is not required in order to prove that something is true (RICS Valuation – Global Standards, 2020).

Depreciated Replacement Cost

The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation (RICS Valuation – Global Standards, 2020).

Equitable Value

The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties (IVS 104 – Bases of Value), (RICS Valuation – Global Standards 2020).

Existing Use Value

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 acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost (RICS Valuation – Global Standards 2017, UK national supplement).

Existing Use Value is to be used only for valuing property that is owner occupied by a business, or other entity, for inclusion in financial statements.

Existing Use Value for Social Housing (EUV-SH)

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 and 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 date 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. (UK VPGA 7)

External Valuer

A valuer who, together with any associates, has no material links with the client, an agent acting on behalf of the client or the subject of the assignment. (RICS Valuation – Global Standards 2020). Unless otherwise stated, External Valuer does not refer to the role of an external valuer within the context of the Alternative Investment Fund Managers Directive 2011/61/EU and its implementing provisions in the United Kingdom unless agreed otherwise in writing.

Equitable Value

The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties (IVS 104 – Bases of Value), (RICS Valuation – Global Standards 2020).

Fair Value

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 (RICS Valuation – Global Standards 2020).

Gross Development Value (GDV)

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.

Investment Value (or Worth)

The value of an asset to a particular owner or prospective owner for individual investment or operational objectives (RICS Valuation – Global Standards 2020).

Market Rent

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 (RICS Valuation – Global Standards 2020).

Market Value

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 (RICS Valuation – Global Standards 2020).

Special Assumption

An assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date (RICS Valuation – Global Standards 2020).

Appendix 2: General assumptions and conditions applicable to all valuations

Unless otherwise agreed in writing and /or stated in our report, our Valuation will be 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.

1. That the Property(ies) is/are not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and good title can be shown. Should there be any mortgages or charges, we have assumed that the property(ies) would be sold free of them. We have not inspected the Title Deeds or Land Registry Certificate.
2. That we have been supplied with all information likely to have an effect on the value of the Property(ies), and that the information supplied to us and summarised in this Report is both complete and correct.
3. That the building(s) has/have been constructed and is/are used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control and any future construction or use will be lawful.
4. That the Property(ies) is not adversely affected, nor 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).
5. That the building(s) is/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 parts of the building(s) 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 Property(ies) and our Report do not constitute a building survey or any warranty as to the state of repair or refurbishment of the Property(ies). Our Valuation is on the basis that a building survey would not reveal material defects or cause us to alter our Valuation materially.
6. That there is unrestricted access to the Property(ies) and that the site(s) is/are connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.
7. Sewers, mains services and roads giving access to the Property(ies) 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. That in the construction or alteration of the building(s) 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.
9. That the Property(ies) has/have not suffered any land contamination in the past, nor is/are 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.
10. That the Property(ies) is/are free from environmental hazards, including infestation from invasive plants such as Japanese Knotweed. This assumption is made in recognition of the fact that identifying Japanese knotweed is problematic and cannot be guaranteed. This is partly because during the early stages of its annual life cycle some of the classic visual characteristics are not distinctive and during the winter months the plant sheds its leaves and suffers die back. It is also possible that Japanese knotweed has received a herbicide-based treatment which has removed all visible above ground signs but may not have killed the below ground rhizome (root) which, in turn, may lead to new growth and the spread of the plant in time.
11. That any tenant(s) is/are capable of meeting its/their obligations, and that there are no arrears of rent or undisclosed breaches of covenant.
12. In the case of a Property(ies) where we have been asked to value the site under the special assumption that the Property(ies) will be developed, there are no adverse site or soil conditions, that the Property(ies) is/are not adversely affected by the Town and Country Planning (Environmental Impact Assessment) Regulations 2017 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.
13. We will not make any allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the Property(ies).

14. Our Valuation will be exclusive of VAT (if applicable).
15. No allowance will be made for any expenses of realisation.
16. Excluded from our Valuation will be any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.
17. 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.
18. In the case of a Property(ies) 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 Property(ies) in the market and its/their subsequent valuation, or the ability of such a Receiver to realise the value of the property(ies) in either of these scenarios.
19. No allowance will be made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it will be assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EU legislation, insofar that the latter is applicable.
20. 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.

Appendix 3: Further General Assumptions applicable to residential valuations

The following general assumptions apply to residential property valuations and are in addition to the general assumptions at Appendix 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.
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.

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.

Appendix 7

General Assumptions

Assumption

A supposition taken to be true. It involves facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, do not need to be verified by the valuer as part of the valuation process. Typically, an assumption is made where specific investigation by the valuer is not required in order to prove that something is true (RICS Valuation – Global Standards, 2020).

Depreciated Replacement Cost

The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation (RICS Valuation – Global Standards, 2020).

Equitable Value

The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties (IVS 104 – Bases of Value), (RICS Valuation – Global Standards 2020).

Existing Use Value

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 acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost (RICS Valuation – Global Standards 2017, UK national supplement).

Existing Use Value is to be used only for valuing property that is owner occupied by a business, or other entity, for inclusion in financial statements.

Existing Use Value for Social Housing (EUV-SH)

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 and 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 date 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. (UK VPGA 7)

External Valuer

A valuer who, together with any associates, has no material links with the client, an agent acting on behalf of the client or the subject of the assignment. (RICS Valuation – Global Standards 2020). Unless otherwise stated, External Valuer does not refer to the role of an external valuer within the context of the Alternative Investment Fund Managers Directive 2011/61/EU and its implementing provisions in the United Kingdom unless agreed otherwise in writing.

Bases of Value & General Assumptions and Conditions



Equitable Value

The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties (IVS 104 – Bases of Value), (RICS Valuation – Global Standards 2020).

Fair Value

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 (RICS Valuation – Global Standards 2020).

Gross Development Value (GDV)

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.

Investment Value (or Worth)

The value of an asset to a particular owner or prospective owner for individual investment or operational objectives (RICS Valuation – Global Standards 2020).

Market Rent

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 (RICS Valuation – Global Standards 2020).

Market Value

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 (RICS Valuation – Global Standards 2020).

Special Assumption

An assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date (RICS Valuation – Global Standards 2020).

Appendix 2: General assumptions and conditions applicable to all valuations

Unless otherwise agreed in writing and /or stated in our report, our Valuation will be 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.

1. That the Property(ies) is/are not subject to any unusual or especially onerous restrictions, encumbrances or outgoing and good title can be shown. Should there be any mortgages or charges, we have assumed that the property(ies) would be sold free of them. We have not inspected the Title Deeds or Land Registry Certificate.
2. That we have been supplied with all information likely to have an effect on the value of the Property(ies), and that the information supplied to us and summarised in this Report is both complete and correct.
3. That the building(s) has/have been constructed and is/are used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control and any future construction or use will be lawful.
4. That the Property(ies) is not adversely affected, nor 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).
5. That the building(s) is/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 parts of the building(s) 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 Property(ies) and our Report do not constitute a building survey or any warranty as to the state of repair or refurbishment of the Property(ies). Our Valuation is on the basis that a building survey would not reveal material defects or cause us to alter our Valuation materially.
6. That there is unrestricted access to the Property(ies) and that the site(s) is/are connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.
7. Sewers, mains services and roads giving access to the Property(ies) 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. That in the construction or alteration of the building(s) 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.
9. That the Property(ies) is/are free from environmental hazards and has/have not suffered any land contamination in the past, nor is 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.
10. That any tenant(s) is/are capable of meeting its/their obligations, and that there are no arrears of rent or undisclosed breaches of covenant.
11. In the case of a Property(ies) where we have been asked to value the site under the special assumption that the Property(ies) will be developed, there are no adverse site or soil conditions, that the Property(ies) is/are not adversely affected by the Town and Country Planning (Environmental Impact Assessment) Regulations 2017 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.
12. We will not make any allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the Property(ies).

Bases of Value & General Assumptions and Conditions



13. Our Valuation will be exclusive of VAT (if applicable).
14. No allowance will be made for any expenses of realisation.
15. Excluded from our Valuation will be any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.
16. 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.
17. In the case of a Property(ies) 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 Property(ies) in the market and its/their subsequent valuation, or the ability of such a Receiver to realise the value of the property(ies) in either of these scenarios.
18. No allowance will be made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it will be assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EU legislation, insofar that the latter is applicable.
19. 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.

Appendix 3: Further General Assumptions applicable to residential valuations

The following general assumptions apply to residential property valuations and are in addition to the general assumptions at Appendix 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.
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.
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.

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To: M&G Trustee Company Limited
10 Fenchurch Avenue
London EC3M 5AG

in its capacity as Bond Trustee (the **Bond Trustee**) pursuant to the amended and restated bond trust deed dated 13 March 2012 between the Bond Trustee and the Issuer (as defined below) (as the same may be further amended, novated, supplemented, varied or restated from time to time) (the **Bond Trust Deed**)

in its capacity as Security Trustee (the **Security Trustee**) pursuant to the amended and restated security trust deed dated 23 February 2012 between, *inter alios*, the Security Trustee and the Borrower (as defined below) (as the same may be further amended, novated, supplemented, varied or restated from time to time) (the **Security Trust Deed**)

and: Optivo Finance plc
Grosvenor House
125 High Street
Croydon CR0 9XP

(as **Issuer**)

and: Optivo
Grosvenor House
125 High Street
Croydon CR0 9XP

(as **Borrower**)

Date: 09 March 2022

Dear Sirs

Valuation of housing stock of Optivo relating to the issue of £150,000,000 5.25 per cent. Secured Bonds due 2043 (the "New Bonds") (to be consolidated and form a single series with the existing £150,000,000 5.25 per cent. Secured Bonds due 2043 (the "Original Bonds" and, together with the New Bonds, the "Bonds")) by the Issuer (the "New Bond Issue")

Jones Lang LaSalle Limited original report dated July 2021 (the "Original Report")

1. Scope of this Report

- 1.1 We provided valuations in the Original Report in respect of the properties listed therein which form part of the security for the holders of the Original Bonds (the **Original Properties**) as at 20 July 2021. A copy of the Original Report is scheduled to this Report.
- 1.2 We understand that the New Bonds will be secured by, *inter alia*, the charged properties from a shared security pool. Consequently, we have been instructed to confirm whether there have been any material changes in respect of the valuations of the Original Properties set out in the Original Report.
- 1.3 This Report is issued for the benefit of the addressees and for inclusion in the Prospectus for the New Bond Issue and may only be used in connection with the transaction referred to in this Report and for the purposes of the Prospectus.
- 1.4 This Report is given in connection with the New Bond Issue and is subject to our engagement letter with the Issuer dated 1 June 2021. 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 that 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.

- 1.5 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. The Original Report was 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 Original Properties were enforced as at the date of the Original Report. 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 figures in the Borrower's latest published annual accounts represent a valuation based on the going concern of the whole stock, 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.
- 1.6 We are not aware of any conflict of interest, either with the Original Properties, the Issuer or the Borrower preventing us from providing you with an independent valuation of the Original Properties in accordance with the RICS Red Book. We have valued as External Valuers as defined in the RICS Red Book.
- 1.8 In accordance with the RICS Red Book, we confirm that this Report has been prepared by Fiona Hollingworth MRICS who has relevant experience to report on this property type.

2. Valuation

- 2.1 The Original Report refers to the position as at the date the Original Report was originally issued and, unless otherwise confirmed by us in writing, we have taken no action to review or update the Original Report since its issue date. However, we have not been made aware by the Issuer, the Borrower or any other party of any material change in any matter relating to the Original Properties.
- 2.2 We understand that 7 Properties within the Original Properties set out in the Original Report have been removed from charge since the date of the Original Report. The removed properties are set out in the attached schedule.
- 2.3 The aggregate valuation of the Original Properties (less such removed properties) as stated in the Original Report is therefore as follows:
- (a) the aggregate EUV-SH value of the 82 units restricted to this basis of valuation is **£7,370,000 (seven million, three hundred and seventy thousand pounds);**
 - (b) the aggregate MV-T value of the 1,080 units valued on this basis of valuation is **£188,925,000 (one hundred and eighty eight million, nine hundred and twenty five thousand pounds);** and
- a further 23 units have been given a nil value.

This letter is governed by and shall be construed in accordance with English law and the English courts shall have exclusive jurisdiction.

Yours faithfully



Fiona Hollingworth MRICS
Director
For and on behalf of
Jones Lang LaSalle Limited

T 020 7087 5973(Direct)
M 07788 715 533(Mobile)
fiona.hollingworth@eu.jll.com

Schedule

Address	Title Number
Flat 1, 34 High Street, Chatham, Kent, ME4 4EQ	K775393
Flat 2, 34 High Street, Chatham, Kent, ME4 4EQ	K775393
Flat 3, 34 High Street, Chatham, Kent, ME4 4EQ	K775393
Flat 4, 34 High Street, Chatham, Kent, ME4 4EQ	K775393
Flat 5, 34 High Street, Chatham, Kent, ME4 4EQ	K775393
16 Windsor Road, Canterbury, Kent, CT1 3UN	K648439
Flat 1, Chantry Way, Mitcham, Surrey, Greater London, CR4 3TB	-

Jones Lang LaSalle

Valuation Advisory

Client: Revaluation of 2043 Bond

Property: 1,192 Affordable Housing units owned by Optivo

July | 2021



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Grosvenor House
125 High Street
Croydon CR0 9XP

Optivo
Grosvenor House
125 High Street
Croydon CR0 9XP

FAO: Joanne Paine

Prudential Trustee Company Limited (in its capacity as Security Trustee and Bond Trustee)
10 Fenchurch Avenue
London EC3M 5AG

FAO: Tony Petrou

20 July 2021

Dear Sirs

Revaluation of 1,192 Affordable Housing units owned by Optivo

We are pleased to attach our report in connection with the above.

If you have any questions about this report or require any further information, please contact please contact Fiona Hollingworth MRICS (fiona.hollingworth@eu.jll.com; 07788 715 533).

This report is confidential to the parties to which this report is addressed and to their professional advisors and is for the use of those parties only. Consequently, no responsibility is accepted to any third party in respect of the whole or any part of its contents.

Before the report or any part of it is reproduced or referred to in any document, circular or statement, our written approval as to the form and context of such publication must be obtained.

Yours faithfully



Fiona Hollingworth MRICS
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For and on behalf of
Jones Lang LaSalle Limited

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Yours faithfully



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Executive Summary

This summary should be read in conjunction with the main body of our report. Section numbers are supplied where relevant.

Introduction

The date of this report is 20 July 2021.

Jones Lang LaSalle Limited has been instructed to value a portfolio of 1,192 properties for loan security purposes.

Properties

The portfolio comprises 1,170 social housing units located across the South East and Greater London. From our desktop research and previous inspections, the properties are a mixture of ages and of traditional brick/concrete and steel construction.

The portfolio contains a mixture of different tenures as summarised in the table overleaf and set out in greater detail in section 3 of this report.

In addition, there are 22 units in the portfolio which form ancillary accommodation, have been sold on long leases or fully staircased. Optivo's interest in these units is considered to be de minimis for the purpose of this exercise and so they have been included at nil value. Furthermore, please note that these properties have not been included in any unit counts or other statistics in this report.

In accordance with our instructions, we have carried out a desktop valuation of this stock and have not inspected the properties (section 3).

Valuations

The valuation date is 23 June 2021.

Our valuation of the 1,170 properties being valued on the basis of Existing Use Value for Social Housing ("EUV-SH"), in aggregate, at the valuation date is:

£100,290,000

(one hundred million, two hundred and ninety thousand pounds)

Our valuation of the 1,087 properties being valued on the basis of Market Value subject to Tenancies ("MV-T"), in aggregate, at the valuation date is:

£189,650,000

(one hundred and eighty nine million, six hundred and fifty thousand pounds)

Our indicative valuation of the 1,170 properties on the basis of Market Value subject to Vacant Possession ("MV-VP"), in aggregate, at the valuation date is:

£353,540,000

(three hundred and fifty three million, five hundred and forty thousand pounds)

The following table summarises our opinions of value (section 6):

Category	Unit Count	Basis of Value	EUV-SH	MV-T	Indicative MV-VP (retained equity)
General Needs Unrestricted	1,050	MV-T	£90,930,000	£186,080,000	£330,225,000
General Needs Restricted	57	EUV-SH	£4,740,000	-	£14,065,000
Supported Unrestricted	29	MV-T	£1,430,000	£2,550,000	£3,770,000
Sheltered Unrestricted	8	MV-T	£440,000	£1,020,000	£1,440,000
Shared Ownership	26	EUV-SH	£2,750,000	-	£4,040,000
Total	1,170		£100,290,000	£189,650,000	£353,540,000

Portfolio Analysis

Strengths:

- given the divergence between property prices and local average earnings, demand for these properties should be sustainable in the medium to long term;
- the level of rental income for all areas is broadly in line with other Registered Providers of social housing (“RPs”) in the respective areas;
- the level of rental income is, in aggregate, below the relevant levels of Local Housing Allowance (LHA) for each region;
- the EUV-SH and MV-T values per unit and percentage relationships to MV-VP, are at levels appropriate to the current climate, having regard to the portfolio’s location and composition;
- we have made conservative assumptions with regard to the respective rent and sales contributions to the valuations of the shared ownership units and they are not overly dependent on proceeds from sales;
- there are currently 394,000 households on local authority waiting lists across the South East and Greater London;
- based on current levels of affordable housing supply (new build) across the South East and Greater London, there are an average of 37 households on the waiting list for every new property being built; and
- EUV-SH values are likely to maintain their current levels as stock transactions within the sector and access to debt markets continue to take place, albeit with more hesitancy due to market fluctuations.

Weaknesses:

- downward pressure on house prices in the medium-term and falling transaction volumes could impact upon MV-T values going forward; and
- there are short-term risks for RPs’ income not supported by housing benefit and a greater number of voids and arrears.

Opportunities:

- increased efficiencies are continuing to be driven by mergers between RPs;
- rationalisation of RPs' stock allowing for more efficient asset management;
- investment of REITs and other funds into the sector as whole;
- the temporary stamp duty tax cut on purchases and pent-up demand has fuelled a strong return in terms of mortgage approvals, sales and lettings volumes; and
- reactive changes to working conditions and government policy could drive further efficiencies in the sector and wider economy in the longer-term.

Threats:

- changes in government policy such as a further period of rent cuts or changing the Rent Regime to CPI only;
- whilst the Coronavirus Job Retention (Furlough) Scheme (CJRS) has been extended until 30 September 2021, it is not yet known what impact this will have on the economy and, coupled with the end of the extension of the stamp duty holiday, what effect these will have on the housing market;
- as a result of the Hackitt Review and other influences, the social housing sector is undertaking extensive investigations and works around fire and building safety, and the required scope of such works might change over time; and
- sharp increase in the cost of materials and labour to carry out any repairs and maintenance work on existing stock and meet development plans, depending on the terms of Brexit.

Suitability of Security

Your instructions require us to comment on whether the properties we have valued continue to provide adequate security for the loan.

It is difficult for any valuer, without being asked to consider a specific credit or risk assessment policy, to make an absolute, unqualified statement that those assets will provide suitable security because our instructions do not explain what criteria the Security Trustee is applying in making this assessment.

However we confirm that, in our opinion, should the Security Trustee become a mortgagee in possession of this portfolio of properties, then it would be possible to achieve a sale to another RP that would be at a price at least equivalent to our valuation on the basis of EUV-SH or, in principle, to a private purchaser at a price equivalent to our valuation on the basis of MV-T as set out in our report. However, the valuation assumes implicitly that a purchaser could obtain debt finance on commercially viable terms to facilitate a purchase of the portfolio.

With the above factors in mind, and with specific regard to the continuing need for well-maintained social housing accommodation, we believe it reasonable to conclude an acceptable demand for a portfolio of this nature from commensurate social housing landlords and private institutional investment firms.

Subject to the information presented within this report, and at the values formally reported, we are satisfied to recommend to the Security Trustee that this portfolio is suitable for security purposes.

Lender Action Points

In accordance with our instructions, we have carried out a desktop valuation of the properties. We recommend that the whole portfolio is inspected externally, and a representative sample internally, every 3-5 years to ensure that the properties are being maintained to an acceptable social housing standard, in line with RSH regulatory requirements and commensurate with the likely demands of the target tenant group.

We have relied upon the rent and tenancy information provided by Optivo as being accurate and have not been able to verify this information. We would recommend that the tenancy agreements and current rental income information provided therein is verified for accuracy by a solicitor.

EUV-SH Projections

Your instruction also requires us to provide projections of value. Given the impact on the sector of the rent reductions which were applied from 1 April 2016, over four years to 1 April 2019, you have asked us for projections of value for two years from the valuation.

As you will appreciate, the RICS, in its publication, 'RICS Valuation – Global Standards' stipulates that valuers must exercise great caution when providing projections of value, and that any special assumptions must be clearly and comprehensively set out in the report.

In accordance with your instructions, in preparing our projections of future values until 2023/24, we have adopted all the same assumptions as those made in our current valuation and have not assumed any mitigating cost reduction measures. However, we have increased our costs in each future cashflow by an estimated amount for inflation. The only other variation in the models is, therefore, the rental income, which is assumed to increase by CPI plus 1% per annum.

In line with good practice, we must make clear the following caveat. As the Security Trustee will appreciate, in practice, the future rarely turns out as projected. The following projections reflect only one set of possible assumptions as to all the variables adopted in our discounted cashflow models; but any or all of those assumptions could be different at the assumed date of valuation in the future. Accordingly, our projections are not formal opinions of value and should not be relied upon for lending or any other purposes and are given entirely without liability or recourse on our part. Our EUV-SH projections are set out in the table below:

Category	Valuation	Annual Change	Cumulative Change
General Needs Unrestricted			
2021/22 (Current)	£90,930,000	-	-
2022/23	£94,570,000	4.0%	4.0%
2023/24	£97,640,000	3.2%	7.4%
General Needs Restricted			
2021/22 (Current)	£4,740,000	-	-
2022/23	£4,900,000	3.4%	3.4%
2023/24	£5,060,000	3.3%	6.8%

Category	Valuation	Annual Change	Cumulative Change
Supported Unrestricted			
2021/22 (Current)	£1,430,000	-	-
2022/23	£1,480,000	3.5%	3.5%
2023/24	£1,530,000	3.4%	7.0%
Sheltered Unrestricted			
2021/22 (Current)	£440,000	-	-
2022/23	£460,000	4.5%	4.5%
2023/24	£470,000	2.2%	6.8%
Shared Ownership			
2021/22 (Current)	£2,750,000	-	-
2022/23	£2,750,000	0.0%	0.0%
2023/24	£2,750,000	0.0%	0.0%

Sensitivity Analysis

The table below shows the potential effect on value of a 0.5% increase in discount rate on each of our valuations:

Valuation Category	Unit Count	Basis of Value	EUV-SH	MV-T
General Needs Unrestricted	1,050	MV-T	£83,070,000	£177,040,000
General Needs Restricted	57	EUV-SH	£4,350,000	-
Supported Unrestricted	29	MV-T	£1,320,000	£2,430,000
Sheltered Unrestricted	8	MV-T	£400,000	£990,000
Shared Ownership	26	EUV-SH	£2,750,000	-
Total	1,170		£91,890,000	£180,460,000

We have also provided an indication of the impact on each of our valuations of:

- Costs of management increasing by 10.0%; and
- Costs of all repairs increasing by 10.0%.

These are set out in the following table:

Valuation Category	Management plus 10% (EUV-SH)	Management plus 10% (MV-T)	Repairs plus 10% (EUV-SH)	Repairs plus 10% (MV-T)
General Needs Unrestricted	£89,430,000	£184,740,000	£87,520,000	£184,150,000
General Needs Restricted	£4,670,000	£990,000	£4,570,000	£1,020,000

Valuation Category	Management plus 10% (EUV-SH)	Management plus 10% (MV-T)	Repairs plus 10% (EUV-SH)	Repairs plus 10% (MV-T)
Supported Unrestricted	£1,390,000	£2,530,000	£1,350,000	£2,500,000
Sheltered Unrestricted	£430,000	£1,020,000	£420,000	£1,010,000
Shared Ownership	£2,750,000	-	£2,750,000	-
Total	£98,670,000	£189,280,000	£96,610,000	£188,680,000

Furthermore, we have provided an indication of the impact on each of our MV-T valuations of:

- Market Value with Vacant Possession reducing by 10.0%;
- Market Rents (“MR”) falling by 10.0%; and
- Market Value with Vacant Possession and Market Rent falling by 10.0%.

These are set out in the following table:

Valuation Category	MV-VP minus 10%	MR minus 10%	MV-VP and MR minus 10%
General Needs Unrestricted	£177,060,000	£176,660,000	£167,650,000
General Needs Restricted	£1,010,000	£960,000	£980,000
Supported Unrestricted	£2,450,000	£2,380,000	£2,270,000
Sheltered Unrestricted	£960,000	£980,000	£920,000
Total	£181,480,000	£180,980,000	£171,820,000

Stock

The stock is summarised by count of unit type for each business stream as follows:

Property Type	General Needs	Supported	Sheltered	Shared Ownership	Total
Room	-	2	-	-	2
Studio flat	4	1	-	-	5
1 bed flat	278	24	8	-	310
2 bed flat	236	1	-	21	258
3 bed flat	46	-	-	-	46
4 bed flat	7	-	-	-	7
2 bed house	176	1	-	5	182
3 bed house	273	-	-	-	273
4 bed house	39	-	-	-	39

Property Type	General Needs	Supported	Sheltered	Shared Ownership	Total
5 bed house	13	-	-	-	13
6 bed house	5	-	-	-	5
1 bed bungalow	6	-	-	-	6
2 bed bungalow	22	-	-	-	22
3 bed bungalow	2	-	-	-	2
Total	1,107	29	8	26	1,170

Assumptions: Rented Properties

The following table provides a summary of the assumptions made in our rented valuations:

Assumption	EUV-SH	MV-T
Rental income growth - houses (Year 1)	1.0%	21.0% - 26.1%
Rental income growth - flats (Year 1)	1.0%	19.7% - 25.6%
Sales rate (houses)	N/A	3.0%
Sales rate (flats)	N/A	3.0% - 12.0%
Bad debts and voids (Year 1)	2.25% - 2.75%	8.0%
Management costs	£650	9.0% of Gross Income
Management cost growth inflator	0.5%	N/A
Total repairs costs (Year 1)	£1,375	£2,700 - £2,950
Repair cost growth inflator	1.0%	1.0%
Discount rate (income)	5.5% - 6.0%	7.5% - 7.75%
Discount rate (sales)	N/A	9.25% - 9.5%

Assumptions: Shared Ownership

The following table provides a summary of the assumptions made in our shared ownership valuation:

Assumption	EUV-SH
Discount rate (income)	5.25%
Discount rate (sales)	8.0%
Management Costs	2.5% of Gross Income
Sales rate (yrs. 0-2)	0 tranche sales p.a.
Sales rate (yrs. 3-10)	2 tranche sales p.a.
Sales rate (yrs. 11-39)	1 tranche sale p.a.
Sales rate (yrs. 40-50)	0 tranche sales p.a.
Rental growth (all years)	0.5%

This summary should be read in conjunction with the remainder of this valuation report and must not be relied upon in isolation.

1 Introduction

1.1 Background

Jones Lang LaSalle Limited has been instructed to value a portfolio of 1,170 properties which are charged as security in favour of Prudential Trustee Company Limited (the “Security Trustee”) for itself and Optivo Finance PLC (the “Issuer”). This valuation report will be relied upon by the Security Trustee to help determine whether the properties continue to provide suitable and adequate security for a loan.

1.2 Compliance

Our valuations have been prepared in accordance with the current RICS Valuation – Global Standards, incorporating the IVS, and the RICS Valuation – Global Standards – UK National Supplement published by the Royal Institution of Chartered Surveyors (commonly known as the “Red Book”).

Our valuations may be subject to monitoring by the RICS and have been undertaken by currently Registered RICS Valuers.

This report has been prepared by Daniel Moore under the supervision of Fiona Hollingworth MRICS (Valuer Number: #0099707), a Director in the Affordable Housing team and countersigned by Richard Petty FRICS (Valuer Number: #0089005), Head of Affordable Housing at JLL.

In accordance with PS 2.3 of the Red Book, we confirm that we have sufficient knowledge and skills to undertake this valuation competently.

We can confirm that no conflict of interest has occurred as a result of our production of this report.

The valuation date is 23 June 2021.

1.3 Instructions

Our report is prepared in accordance our General Terms and Conditions of Business (Appendix 1).

We have been instructed to prepare our valuations on the following bases:

- Existing Use Value for Social Housing (“EUV-SH”);
- Market Value subject to existing Tenancies (“MV-T”);
- Market Value assuming Vacant Possession (“MV-VP”) – on a non-reliance basis; and
- Market Value assuming Vacant Possession of the retained equity.

We have valued on these bases, unless otherwise stated in this report.

1.4 Certificates of Title

We have previously reviewed the Certificate of Titles for the portfolio when the Bond was first issued in 2012 and can confirm that our valuations fully reflect the disclosures contained therein. In particular, in respect of each unit which we have valued on the basis of MV-T, we can confirm that (based on our review of the Certificate and the Report) such units may be disposed of by or on behalf of the Security Trustee on an unfettered basis (meaning

subject to existing tenancies disclosed in the Certificate but not subject to any security of interest, option or other encumbrance or to any restriction preventing or restricting its sale to, or use by, any person for residential use).

From our previous review of the Certificate, 57 of the general needs properties are subject to restrictions that would be binding on a mortgagee in possession and therefore we have valued them on the basis of EUV-SH only:

For the avoidance of doubt, we have valued the remainder of the portfolio, except those units mentioned above and marked as shared ownership, on the basis of MV-T.

1.5 Professional Indemnity Insurance (“PII”)

Save in respect of our liability for death or personal injury caused by our negligence, or the negligence of its employees, agents or subcontractors or for fraud or fraudulent misrepresentation (which is not excluded or limited in any way):

- we shall under no circumstances whatsoever be liable, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, for any loss of profit, loss of revenue or loss of anticipated savings, or for any indirect, special or consequential loss arising out of or in connection with this report; and
- our total liability in respect of all losses arising out of or in connection with this report whether in contract, tort (including negligence), breach of statutory duty, or otherwise, shall not exceed £50,000,000. This amount shall be an aggregate cap on our liability to all relying parties together.

1.6 Outbreak of Novel Coronavirus (COVID – 19)

The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, “lockdowns” have been applied to varying degrees and to reflect further “waves” of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets are functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to ‘material valuation uncertainty’ as defined by VPS3 and VPGA 10 of the RICS Valuation - Global Standards.

1.7 The Stock Rationalisation Market – EUV-SH Transactions

As you will be aware, an active market exists for the sale of tenanted stock between RPs. This can be driven by strategic decisions about the type and location of accommodation that RPs wish to provide, and the viability of investing in properties to bring them up to the required standards.

Where competition is generated, a market has emerged in which RPs bid against one another on price. The resulting values, even though presented on an EUV-SH basis, tend to be in excess of base EUV-SH values that might be expected for balance sheet or loan security purposes.

Although this may appear hard to justify, the underlying rationale is as follows:

- the bidding price is still much less than the cost of development;
- the marginal cost of taking additional units into management, in an area where the acquiring RP already has stock, justifies a financial model based on relatively low costs for management, repairs and maintenance;
- the judgement of all-round risk formed by the acquiring RP, as reflected in the discount rate, is often lower (and the rate therefore keener) than would be acceptable to either a funder or an auditor in a balance sheet context;
- the price is worth paying to achieve strategic objectives around increasing a presence in a particular area or market; and/or
- the price may be supported by future void sales and/or changes of tenure (for example, from Social Rent to Affordable Rent).

1.8 Deregulatory Measures

A package of deregulatory measures for which the primary legislation was the Housing & Planning Act 2016 came into force on 6 April 2017. These are very significant for the UK social housing sector, as they give RPs greater freedom in terms of commercial decision making than they have ever previously enjoyed in terms of the reduced ability of the regulator to prevent asset management actions.

The deregulatory measures introduced, give RPs the freedom to dispose of assets without the regulator's consent, either with or without tenants in place. Disposals include the grant of leases and the creation of charges when assets are pledged as security for loan security purposes.

There are already early signs that these measures are having an effect on RPs' thinking, and on their business plans, as they begin to adopt a more commercial approach to asset management as one of the tools at their disposal to respond to the greater financial pressures and expectations upon them. For example, through our day to day work, we are beginning to see more analytical requirements in terms of asset management decisions, around investment, remodelling and sale; and an element of sales being built into some stock rationalisation bids.

To be clear this does not mean that RPs are in any way sacrificing their fundamental social ethos. Rather, it is a recognition that, as for any charitable organisation, making best use of its assets to enable it to meet its charitable objectives is an obligation rather than an option; and that commercial behaviour is not at all incompatible with a strong social ethos, within a framework of strong governance.

As mentioned, some RPs are steadily starting to build in an element of void sales into some stock rationalisation bids, however in accordance with our instructions, we have not considered or built in any rate for sales of void properties within our EUV-SH valuations.

2 Methodology

2.1 Valuation Model

We have undertaken our valuation of the portfolio using fully explicit discounted cashflow models, over a 50-year period, with the net income in the final year capitalised into perpetuity.

For the purposes of our valuation, we have split this portfolio by tenure in order to reflect the different risks and opportunities associated with each business stream.

Copies of each of our cashflow summaries are attached to the report at Appendix 3.

Against the income receivable for each property, we have made allowances for voids and bad debts; the costs of management and administration; major repairs; cyclical maintenance; day-to-day repairs; and for future staircasing (where applicable). We have assumed an appropriate level of future growth in these costs (expenditure inflation).

We have then discounted the resulting net income stream at an appropriate rate which reflects our judgement of the overall level of risk associated with the long-term income. A more detailed explanation of the discount rate is included in section 4.

2.2 Information Provided

The principal source of background data for the portfolio has been the rent roll for each property provided by Optivo. This detailed the number and type of units, the rent payable, tenancy type, and equity retained by the association (where applicable).

This information was supplemented with our market research and other data we have gathered from similar instructions undertaken recently and involving comparable stock. From these sources we have collated information on the following:

- rents;
- bad debts, voids and arrears;
- cost of maintenance and repairs; and
- management and administration expenses.

A location plan of the portfolio is provided as Appendix 4.

2.3 Inspections

We have carried out a desktop valuation of this stock in accordance with our instructions.

2.4 Market Research

In arriving at our valuation, we have undertaken a comprehensive programme of research to supplement our knowledge and understanding of the properties. This has included:

- researching local vacant possession values through conversations with local estate agents together with internet research and using RightmovePlus, a bespoke tool for comparable evidence;

- examining local benchmark affordable rents and comparing these with Optivo's rents; and
- analysing data provided by Optivo.

3 General Commentary

Schedules summarising the following data for each property within the portfolio form Appendix 2 of this report:

- address;
- unit type and bedroom number;
- tenancy type;
- title number;
- equity retained; and
- net weekly rent.

3.1 Locations

The properties within the portfolio are located across the South East and Greater London as shown in the table below:

Counties	General Needs	Supported	Sheltered	Shared Ownership	Total
East Sussex	316	-	-	5	321
Greater London	664	7	-	21	692
Kent	105	20	-	-	125
Surrey	22	2	8	-	32
Total	1,107	29	8	26	1,170

A location plan of the portfolio is provided at Appendix 4.

3.2 Property Types

The following table summarises the different property types within the portfolio:

Property Type	General Needs	Supported	Sheltered	Shared Ownership	Total
Room	-	2	-	-	2
Studio flat	4	1	-	-	5
1 bed flat	278	24	8	-	310
2 bed flat	236	1	-	21	258
3 bed flat	46	-	-	-	46
4 bed flat	7	-	-	-	7
2 bed house	176	1	-	5	182
3 bed house	273	-	-	-	273

Property Type	General Needs	Supported	Sheltered	Shared Ownership	Total
4 bed house	39	-	-	-	39
5 bed house	13	-	-	-	13
6 bed house	5	-	-	-	5
1 bed bungalow	6	-	-	-	6
2 bed bungalow	22	-	-	-	22
3 bed bungalow	2	-	-	-	2
Total	1,107	29	8	26	1,170

There is 1 sheltered scheme comprising 8 units, more detailed information on this is provided in the table below:

Scheme	Units	Age	Facilities provided	Configuration
Woodcock Hill, Felbridge, RH19 2RD	8	Built in 1903 & renovated in 2009	Lounge, laundry, communal garden.	1 bed flats

3.3 Condition

We have not carried out a condition survey, this being outside the scope of our instructions.

The properties within the portfolio are a mixture of ages as shown in the table below:

Age	House	Flat	Bungalow	Room	Total
Pre-1919	57	400	-	-	457
1920-1949	15	30	-	-	45
1950-1979	74	31	8	-	113
1980s	177	72	8	-	257
1990s	100	46	7	2	155
2000s	89	47	7	-	143
Total	512	626	30	2	1,170

From our desktop research the properties are a mixture of traditional brick, concrete and steel construction under pitched, tile or slate-clad roofs. Windows are of timber, uPVC casement or sash frames and the majority of the properties appear to be double-glazed.

The property ages and construction methodology have been factored into the assumptions we have made regarding voids, discount rates and repairs and maintenance.

We have assumed that the properties are being maintained to an acceptable social housing standard, in line with RSH regulatory requirements and commensurate with the likely demands of the target tenant group.

Overall, we have assumed that each property has a useful economic life of at least 50 years provided that the properties continue to be properly maintained in the future.

3.4 Fire Safety

Our valuations have been provided in accordance with the RICS' Guidance Note: "*Valuation of properties in multi-storey, multi-occupancy residential buildings with cladding, 1st Edition March 2021*" (the 'Guidance Note'), effective from 5 April 2021.

The purpose of the Guidance Note is to help valuers undertaking valuations of domestic residential blocks of flats in the UK for secure lending purposes. It sets out criteria for buildings of different heights that can be used to identify where possible remediation work to cladding for fire safety purposes is likely to be required and may materially affect the value of the property.

We understand from Optivo that there are 0 blocks of six storeys or above in the portfolio.

4 Valuation Commentary – Rented Stock

4.1 Introduction

There are 1,144 rented properties in the portfolio. The rented properties within the portfolio are a mixture of general needs, supported and sheltered social housing properties.

4.2 Tenancies

The majority of the rented properties (circa 89%) are let on assured tenancies. We have assumed that these are ‘standard’ assured tenancies although we have not seen example tenancy agreements. The remaining 125 units are let on secure tenancies.

Tenancy	General Needs	Supported	Sheltered	Total
Assured	982	29	8	1,019
Secure	125	-	-	125
Total	1,107	29	8	1,144

4.3 Rental Income

The following table summarises the total income that Optivo receive from the portfolio annually:

Business Stream	Units	Annual Income	Average Rent
General Needs	1,107	£6,712,280	£116.61
Supported	29	£133,166	£88.31
Sheltered	8	£37,801	£90.87
Total	1,144	£6,883,248	£115.71

The Statistical Data Return (“SDR”) is an annual online survey completed by all private RPs of social housing in England. The latest return for 2018/19 provides the average social rents charged by all RPs for general needs and sheltered/supported properties. The following table compares Optivo’s average rents with the average sector rents in the same localities:

Size	Average Sector Rent - General Needs	Optivo General Needs	Average Sector Rent - Sheltered & Supported	Optivo Sheltered & Supported
0 bedroom	£80.67	£85.70	£114.82	£89.76
1 bedroom	£99.28	£100.23	£112.07	£84.47
2 bedroom	£113.63	£115.73	£124.97	£163.09

Size	Average Sector Rent - General Needs	Optivo General Needs	Average Sector Rent - Sheltered & Supported	Optivo Sheltered & Supported
3 bedroom	£124.81	£127.11	-	-
4 bedroom	£142.17	£145.50	-	-
5 bedroom	£142.53	£135.88	-	-
Average	£114.60	£116.42	£112.84	£88.86

According to the Valuation Office Agency, LHA is set at the 30th centile point between what in the local Rent Officer's opinion are the highest and lowest non-exceptional rents in a given Broad Rental Market Area. This analysis looks at local properties and differentiates by bedroom number but not by property type (i.e. houses and flats). These statistics are used as a reference for housing benefit and are a good indication of rent levels which are affordable in a given area.

The following table sets out a comparison of Optivo's average rents with the average LHA in the portfolio and also our opinion of Market Rents for comparable properties in the same areas (rents are shown on the basis of 52 weeks). A breakdown per property is included within the schedule at Appendix 2.

Property Type	Average Passing Rent	Average LHA	Average Market Rents	% of LHA	% of Market Rent
General Needs	£116.61	£251.18	£272.82	46.4%	42.7%
Supported	£88.31	£166.65	£165.17	53.0%	53.5%
Sheltered	£90.87	£172.60	£190.00	52.6%	47.8%

We are unable to verify the accuracy of the rent roll provided to us by Optivo.

4.4 Affordability

In addition, we have looked at the passing rents as a proportion of local net weekly earnings as reported by the Office of National Statistics in its provisional 2020 Annual Survey of Hours and Earnings. The results for each of the regions in our valuations are shown in the table below and, in our opinion, demonstrate that the rents being charged by Optivo are affordable.

Region	Average Weekly Earnings	General Needs	As %age	Sheltered & Supported	As %age
Greater London	£616.12	£125.59	20.4%	£122.51	19.9%
South East	£466.65	£103.15	22.1%	£81.01	17.4%

4.5 EUV-SH Rental Growth

We have modelled rental growth of CPI plus 1% in our EUV-SH valuation models into perpetuity.

4.6 MV-T Rental Growth

Passing rents are currently below market levels, resulting in good prospects for future rental growth when considering the market value of the portfolio.

We have assumed that it will take between 3 and 4 years for assured rents to increase to market levels and thereafter for rents to rise at 1% (real) per annum. In making our assumptions regarding the number of years and annual increases, we have had regard to typical gross and net yields on private residential portfolios of a similar age profile and in comparable locations.

The number of years' growth and average increases we have modelled per year for houses and flats in each of our valuations are shown in the cashflow summaries at Appendix 3.

4.7 Relet Rates

Our EUV-SH model allows for a rate at which secure tenancies are relet as assured tenancies. The annual rates of tenancy turnover experienced by housing associations vary considerably between localities and between different property types. In regard to assured tenancies, national turnover rates are typically within the range of 5.0% to 11.0%, with higher rates of turnover in the North than in the South.

We have adopted rates of 3.0% (houses) and 5.0% (flats) and have assumed that those properties will be relet at the prevailing average target rent. In addition, we have included an allowance for incidental voids as outlined in section 4.11.

4.8 Sales Rates

In accordance with section 1.8, we have not included the sale of any void units under the deregulatory measures introduced by the Housing and Planning Act 2016 in any of our EUV-SH valuations.

In our MV-T cashflows we have assumed that some of the units which become void are sold on the open market. In establishing the sales rates, we have had regard to Land Registry's information on the number of sales and average prices across the South East and Greater London over the past 12 months.

The average sales rates we have applied per annum for houses and flats are shown in the table below:

Valuation Category	Annual Sales (Houses)	Annual Sales (Flats)
General Needs Unrestricted	3.0%	3.0%
Supported Unrestricted	-	5.0%
Sheltered Unrestricted	-	12.0%

The above figures equate to 17 flat sales and 13 house sales in 2021 and 742 in total over 50 years. This, in our view, is a sustainable level of sales which would not adversely impact local house prices or marketability.

4.9 Right to Buy

We anticipate that the tenants of some of the properties within the portfolio may have either the Right to Buy (“RTB”) or the Right to Acquire (“RTA”). The National Housing Federation (“NHF”) put an offer to Government in September 2015 in which it proposed the implementation of an extended RTB on a voluntary basis. The Voluntary Right to Buy (“VRtB”) was described as a compromise with a view to securing the independence of housing associations and the best deal on compensation (for discounts) and flexibilities (the ability to refuse the VRtB in relation to certain properties).

The Government has funded two regional pilot schemes of VRtB for housing association tenants. The initial pilot scheme in 2016, involved five housing associations and was expected to offer 3,000 tenants the ability to buy their own home. A second pilot scheme across the Midlands ran for a period of two years from August 2018, aimed at testing two aspects of the voluntary agreement that the initial pilot scheme did not cover, namely:

- one-for-one replacement; and
- portability of discounts.

A full evaluation of the second pilot was published in February 2021. There were 44 housing associations involved in the pilot, resulting in a total of 1,892 homes being sold or sales in the final stages of completion by 30 April 2020. Data on the construction of replacement homes will be updated on an annual basis.

The government will now evaluate new pilot areas and announce more details in due course.

The wider terms of the overall extension of RTB and therefore any consideration of the impact of RTB or RTA on valuations would be speculative. We consider it imprudent to reflect additional value from capital receipts and we have therefore assumed that neither RTB nor RTA will be available to exercise at the date of valuation.

4.10 Outgoings

In forming our opinion of the net rental income generated by the portfolio, we have considered the following outgoings:

- bad debts, voids and arrears;
- cost of maintenance and repairs; and
- management and administration expenses.

We emphasise that, under the definitions of the bases of valuation we have been instructed to adopt, we are not valuing Optivo’s stewardship of the stock, rather we are assessing what a hypothetical purchaser in the market would pay for the stock, based on the market’s judgement of the capabilities of the portfolio.

The assumptions we have made in our appraisal reflect our opinion of the view the market would adopt on the future performance of the portfolio. In forming our opinion, we have had regard to other recent valuations we have undertaken of comparable stock.

4.11 Bad Debts and Voids

We have incorporated into our valuations the potential for future voids and bad debts. Any loss of income for both void properties and bad debts is reflected in a deduction made from the gross rental income.

The rates applied take into consideration the figures in the 2020 Global Accounts data provided by the Regulator of Social Housing and are similar to allowances used by other RPs providing a management and maintenance service in the areas where the properties are situated.

The 2020 Global Accounts data shows that across the whole affordable housing sector, RPs have lost approximately 0.90% of their gross income through bad debts and 1.39% through void losses. The bad debts reflect an increase of 0.2% from the 2019 data whilst void losses have remained at a consistent level.

In our MV-T valuations we are assuming greater increases in rents than a social landlord would impose. In our opinion, these rent increases would inevitably be reflected in a higher level of voids and bad debts than would otherwise be the case. The associated risk has been factored into our MV-T discount rate.

The rates we have adopted for bad debts and voids as a percentage of gross income for each of our EUV-SH and MV-T valuations are shown in the cashflow summaries at Appendix 3.

4.12 Management Costs

We have adopted rates for management and administration based on our experience of other RPs operating in similar areas to Optivo. Our rates are subject to an annual inflator of 0.5% (real) for the duration of the cashflow reflecting long-term earnings, growth predictions and potential management savings.

From the information provided in the 2020 Global Accounts, the average cost of management across the sector is £1,068 per unit and the average management cost for Optivo is £1,240 per unit.

In arriving at our opinion of value, we are assessing what a hypothetical purchaser in the market would pay for the properties, and in our experience, bids are likely to reflect a marginal approach to management costs. That is, the incremental cost to the organisation of managing the acquired stock is likely to be significantly less than the organisation's overall unit cost. Furthermore, a growth in stock numbers could give rise to potential economies of scale, rationalisation of services and other efficiencies which would reduce unit costs.

Taking the above into account, we have adopted rates of £650 per unit for management and administration in our valuations on the basis of EUV-SH.

We have assumed that a mortgagee in possession would expect to spend 9.0% of rental income on management and administration in our valuations on the basis of MV-T.

4.13 Repairs and Maintenance

Although the majority of the properties are generally in a reasonable or good condition, renewal, day-to-day and cyclical maintenance will be required to keep the stock in its present condition.

From the information provided in the 2020 Global Accounts, the total average cost of carrying out major repairs, planned and routine maintenance across the sector is £2,041 per unit and the average maintenance cost for Optivo is £2,504 per unit. The Global Accounts average figure for the sector is an increase of 4.6% on those reported in the 2019 Edition.

The above figures are broad averages; costs will vary according to a property's age, type, size and form of construction. In particular, the profile of expenditure will be different for a newly built property compared to an older property. The former should only require modest routine maintenance over the first 5 to 10 years of its life,

with major repairs only arising from years 15 to 20. Hence there is a low start cost profile, rising steeply in the medium term, whilst an older property is likely to have a flatter profile with a higher starting point.

In accordance with section 3.3 we have had due consideration to the age and construction type for each of the tenure types in our valuations.

The following table sets out the average cost assumptions we have made in the first year of our EUV-SH cashflows. All of our appraisals assume that these costs will inflate at 1.0% (real) per annum.

Category of Expenditure	Period	Rented Properties
Major repairs and renewals	Year 1	£691
Cyclical repairs	Year 1	£342
Day-to-day repairs	Year 1	£342
Total Average Costs	Year 1	£1,375

We have adopted higher costs for major repairs in the first 2 years of our MV-T valuations as some of the properties will require refurbishment and redecoration in order to attract buyers or to be let in the private residential market. After this initial period, our costs settle to a lower level similar to the costs used in our EUV-SH valuation.

The repairs and maintenance assumptions used in each of our valuations are shown in the cashflow summaries appended to this report.

4.14 Discount Rate

Our cashflow valuations are based on constant prices and therefore explicitly exclude inflation. The chosen discount rate reflects our judgement of the economic conditions at the time of the valuation and the level of risk involved in each cashflow, taking all factors and assumptions into account. To determine the risk involved we have looked at:

- the sustainability of the existing rental income;
- the likely rate of future rental growth;
- the condition of the portfolio;
- the level of outgoings required to maintain the maximum income stream;
- the likely performance of the portfolio in relation to its profile and location;
- the real cost of borrowing; and
- the long-term cost of borrowing.

For our EUV-SH valuations of the rented properties we have adopted real discount rates of between 5.50% and 6.00% on net rental income.

In our MV-T model we have adopted a higher rate on rental income to reflect additional risk resulting from the significant rental growth that we have assumed during the first 3 to 4 years. In addition, we have adopted a higher

rate on income from sales to reflect the additional premium on the yield which an investor would expect from a sales income stream.

We have adopted real discount rates of between 7.50% and 7.75% (rental income), and between 9.25% and 9.50% (sales) for our MV-T cashflows.

The discount rates we have used in each of our valuations are shown in the cashflow summaries at Appendix 3.

4.15 Market Value subject to Vacant Possession (MV-VP)

We have undertaken research into MV-VPs in locations covered by the portfolio. We have assessed the average value of dwellings on a property by property basis. The values adopted are based on comparable research and reflect the diversity of the stock and the different areas.

The average MV-VP of flats and houses in each of our cashflows are as shown in the table below:

Valuation Category	Average MV-VP (Houses)	Average MV-VP (Flats)	Average MV-VP (Bungalows)
General Needs	£339,000	£291,000	£232,000
Supported	£423,000	£119,000	-
Sheltered	-	£180,000	-

4.16 House Price Growth

We have included house price growth in accordance with the rates set out in JLL's Residential Forecasts issued in April 2021. The rates are split by region and are shown in real terms in the following table:

Region	2021	2022	2023	2024	2025
United Kingdom	3.0%	0.5%	2.5%	3.5%	3.0%
Greater London	4.5%	0.5%	3.5%	5.0%	3.5%
South East	3.5%	1.0%	3.5%	4.5%	3.0%

5 Valuation Commentary - Shared Ownership

5.1 Introduction

There are 26 shared ownership properties within the portfolio. Optivo currently owns 63.27% of the equity in the units and a rent is charged on this percentage.

5.2 Rental Levels

According to the information provided by Optivo, the average gross weekly rental level is £91.96 against the average retained equity. All rents are expressed on the basis of 52 rent weeks per year.

We have not included the value of any current or future ground rent income in our valuations.

5.3 Rental Growth

The RSH's restriction on future rental growth through section 2.4.5 of the Capital Funding Guide allows a maximum of 0.5% real growth per annum only. The imposition of this formula effectively constrains the net present value of the cashflow to the basis of EUV-SH.

It should also be noted that although, in general, rents in the sector will be linked to CPI, the rents for shared ownership properties will grow as set out in the signed leases for each property. We have not had sight of these leases and assume that they have the standard rent review provisions (upwards only, indexed linked at RPI plus 0.5%) set out in the model shared ownership lease, published by the National Housing Federation.

We have grown rents at a rate of RPI plus 0.5% in line with this guidance and the terms of the existing leases.

5.4 Outgoings

In forming an opinion of the net rental income generated by the portfolio, we have allowed 2.5% of gross rental income for management.

5.5 Voids and Bad Debts

We understand that all of the properties are now let and so we would not expect any voids going forward. We have allowed for the incidence of bad debts in the discount rate.

5.6 Repairs and Maintenance

We have assumed any repair obligations will lie with the leaseholders. We would expect that repair/renewal, day-to-day and cyclical maintenance would be required to keep the stock in its present condition. However, we have assumed that, where appropriate, service charge income fully covers expenditure.

5.7 Discount Rate

For our EUV-SH valuation we have adopted a discount rate of 5.25% on the rental income and 8.00% on sales.

5.8 Market Value subject to Vacant Possession (MV-VP)

The average MV-VP of the retained equity in the shared ownership properties in the portfolio is £155,500.

5.9 Rate of Sales

We have adopted what we would expect to be a long-term sustainable rate of sales of further tranches over the 50 years of our cashflow model. We have assumed that equity is sold in 25% tranches.

The rates we have adopted in our cashflow are as follows:

Years	Tranche Sales p.a.
Sales rate (yrs. 0-2)	0 tranche sales p.a.
Sales rate (yrs. 3-10)	2 tranche sales p.a.
Sales rate (yrs. 11-39)	1 tranche sale p.a.
Sales rate (yrs. 40-50)	0 tranche sales p.a.

It is difficult to judge when tenants will purchase additional tranches so the income from sales proceeds has been discounted at a higher rate, in line with section 5.7, to reflect the additional risk of realising the value. However, it should be noted that in our valuation, the majority of the value (circa 62%) is attributed to the rental income.

6 Valuation

6.1 Background

We have prepared our valuations on the following bases:

- Existing Use Value for Social Housing (“EUV-SH”);
- Market Value subject to existing Tenancies (“MV-T”);
- Market Value assuming Vacant Possession (“MV-VP”) – on a non-reliance basis; and
- Market Value assuming Vacant Possession of the retained equity.

Our valuations have been prepared in accordance with the RICS Red Book.

Apportionments of the valuations have been calculated as arithmetic apportionments and are included in the schedules at Appendix 2. This is a portfolio valuation, and no valuation of individual properties has been performed.

In forming our opinion of the value of the portfolio as a whole, we have neither applied a discount for quantum nor added a premium to reflect break-up potential.

The definitions of the bases of valuation are set out in full in section 7 of this report.

6.2 Asset Value for Loan Security Purposes

Our valuation of the 1,170 properties being valued on the basis of EUV-SH, in aggregate, at the valuation date is:

£100,290,000

(one hundred million, two hundred and ninety thousand pounds)

Our valuation of the 1,087 properties being valued on the basis of MV-T, in aggregate, at the valuation date is:

£189,650,000

(one hundred and eighty nine million, six hundred and fifty thousand pounds)

Our indicative valuation of the 1,170 properties on the basis of MV-VP, in aggregate, at the valuation date is:

£353,540,000

(three hundred and fifty three million, five hundred and forty thousand pounds)

6.3 Asset Value by Tenure

Our valuation of each individual tenure is shown in the following table:

Category	Unit Count	Basis of Value	EUV-SH	MV-T	Indicative MV-VP (retained equity)
General Needs Unrestricted	1,050	MV-T	£90,930,000	£186,080,000	£330,225,000
General Needs Restricted	57	EUV-SH	£4,740,000	-	£14,065,000
Supported Unrestricted	29	MV-T	£1,430,000	£2,550,000	£3,770,000

Category	Unit Count	Basis of Value	EUV-SH	MV-T	Indicative MV-VP (retained equity)
Sheltered Unrestricted	8	MV-T	£440,000	£1,020,000	£1,440,000
Shared Ownership	26	EUV-SH	£2,750,000	-	£4,040,000
Total	1,192		£100,290,000	£189,650,000	£353,540,000

6.4 Reinstatement Cost

We have also prepared a broad indication of the aggregate reinstatement cost of the portfolio of 1,170 properties, as guidance for insurance purposes. It should not be used directly to calculate the premium that would be paid to insure this portfolio of properties.

We consider the aggregate reinstatement cost of the portfolio to be in the order of:

£258,600,000
(two hundred and fifty eight million, six hundred thousand pounds)

7 Bases of Valuation

Our valuations have been prepared in accordance with the RICS Red Book.

7.1 Existing Use Value for Social Housing

The basis of Existing Use Value for Social Housing is defined in UK VPGA 7 of the RICS Valuation Global Standards – UK National Supplement as follows:

“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 willing seller;*
- *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 and terms and for the completion of the sale;*
- *that the state of the market, level of values and other circumstances were on any earlier assumed date of exchange of contracts, the same as on the date of valuation;*
- *that no account is taken of any additional bid by a prospective purchaser with a special interest;*
- *that both parties to the transaction had acted knowledgeably, prudently and without compulsion;*
- *that the property will continue to be let by a body pursuant to delivery of a service for the existing use;*
- *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;*
- *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*
- *that any subsequent sale would be subject to all the same assumptions above.”*

7.2 Market Value

The basis of Market Value is defined in VPS 4.4 of the Red Book as follows:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Market Value subject to Tenancies is in accordance with the above definition, with the addition of the point below:

“That the properties would be subject to any secure or assured tenancies that may prevail, together with any other conditions or restrictions to which property may be subject.”

7.3 Expenses

No allowance is made in our valuations for any expenses of realisation.

7.4 Tax

No allowance is made in our valuations for any liability for payment of Corporation Tax, or for any liability for Capital Gains Tax, whether existing or which may arise in the future.

The transfer of properties between RPs is exempt from Stamp Duty Land Tax (“SDLT”). Our MV-T valuations include fees of 3.0% on individual unit sales, however we have not included SDLT or other costs of acquisition within our valuation.

7.5 VAT

Our valuations are exclusive of VAT on disposal.

8 Sources of Verification of Information

8.1 General

We have relied upon the description, tenancy type and current rental income provided to us by the Borrower and we have been unable to verify the accuracy of that data.

8.2 Tenure

Unless otherwise stated in this report, we have assumed the Borrower holds a freehold interest or a long leasehold interest with not less than 80 years unexpired in the properties.

8.3 Title

We have not carried out our own investigations of title and our valuations have assumed good title, free from onerous covenants and other encumbrances other than as set out in this report.

We assume unless informed to the contrary or unless otherwise stated in this report, that each property has a good and marketable title; that all documentation is satisfactorily drawn; and that there are no encumbrances, restrictions, easements or other outgoings of an onerous nature, which would have a material effect on the value of the interest under consideration, nor material litigation pending. Where we have been provided with documentation, we recommend that reliance should not be placed on our interpretation without verification by your lawyers. We have assumed that all information provided by the client, or its agents, is correct, up to date and can be relied upon.

8.4 Nomination Agreements

Our valuations are prepared on the basis that there are no nomination agreements. If any nomination rights are found to be in existence, they are assumed not to be binding on a mortgagee in possession unless otherwise stated in this report

8.5 Measurements/Floor Areas

We have not measured the properties, this being outside the scope of a valuation of a portfolio of this nature, unless otherwise stated in this report.

However, where measurements have been undertaken, we have adhered to the RICS Code of Measuring Practice, 6th edition, except where we specifically state that we have relied on another source. The areas adopted are purely for the purpose of assisting us in forming an opinion of capital value. They should not be relied upon for other purposes nor used by other parties without our written authorisation.

Where floor areas have been provided to us, we have relied upon these and have assumed that they have been properly measured in accordance with the Code of Measuring Practice referred to above.

8.6 Structural Surveys

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services and we, therefore, do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily

apparent defects or items of disrepair, which we note during our inspection, or costs of repair which are brought to our attention. Otherwise, we assume that each building is structurally sound and that there are no structural, latent or other material defects.

In our opinion the economic life of each property should exceed 50 years providing the properties are properly maintained.

8.7 Deleterious Materials

We do not normally carry out or commission investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, woodwool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

8.8 Site Conditions

We do not normally carry out or commission investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses, delays or restrictions will be incurred during the construction period due to these matters.

8.9 Environmental Contamination

Unless expressly instructed, we do not carry out or commission site surveys or environmental assessments, or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.

8.10 Japanese Knotweed

Our valuation assumes that no invasive vegetation exists within the demise or proximity of any of the properties in the valuation.

8.11 Energy Performance Certificates (EPCs)

We have not been provided with copies of any Energy Performance Certificates by the Borrower. The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 make it unlawful for landlords in the private rented sector to let properties that have an EPC rating of F or G, from 1 April 2018. The Regulations do not apply to the majority of properties owned by RPs. Based on our wider knowledge of energy ratings within the social housing sector, we do not consider this issue to present a material valuation risk.

8.12 Market Rental Values

Our assessment of rental values is formed purely for the purposes of assisting in the formation of an opinion of MV-T and is generally on the basis of Market Rent, as defined in the “the Red Book”. Such figures should not be used for any other purpose other than in the context of this valuation.

8.13 Insurance

Unless expressly advised to the contrary we assume that appropriate cover is and will continue to be available on commercially acceptable terms.

8.14 Reinstatement Value

The figure provided in section 6.4 is a broad indication of the cost of reinstating the property to the current specifications provided without liability. The floor areas we have adopted in order to arrive at these figures are an average for each type of dwelling only. We have neither measured the property for this purpose nor been provided with floor areas.

Our figures for reinstatement cost assessment have been derived by reference to the BCIS Guide to Building Prices. To this figure a regional variation adjustment has been made then an amount has been added for professional fees, demolition, site clearance and VAT.

Our figures are based on general prices and indices at the date of valuation which are subject to fluctuation. Reinstatement figures should be therefore reviewed at regular intervals to allow for any inflationary tendencies. No allowance has been made in our figures for inflation during the insurance year or any subsequent construction period. Similarly, we have not included an allowance for any loss of rent during the reconstruction period.

Our figures do not include any allowances for any items which might more appropriately be considered to be plant and machinery.

Unless otherwise stated, we have assumed the properties are neither Listed buildings nor located in a Conservation Area. If they were found to be either of these, the reinstatement value reported may be subject to a higher level of uncertainty than would generally be the case due to possible requirements of reconstructing a Listed building or building in a Conservation Area.

We have not considered details of the insurance policy in place. Our figure should not be relied upon. If reliance is required it will be necessary for our building surveyors to be instructed to undertake a detailed inspection and consideration of the structure and form of construction of the buildings, and to provide a specific report.

8.15 Planning

We have prepared our valuations on the basis that each property exists in accordance with a valid planning permission.

8.16 The Equality Act

We have assumed the properties appear to comply with the requirements of the Equality Act 2010.

8.17 Outstanding Debts

In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

8.18 Services

We do not normally carry out or commission investigations into the capacity or condition of services. Therefore, we assume that the services, and any associated controls or software, are in working order and free from defect. We also assume that the services are of sufficient capacity to meet current and future needs.

8.19 Plans and Maps

All plans and maps included in our report are strictly for identification purposes only, and, whilst believed to be correct, are not guaranteed and must not form part of any contract. All are published under licence and may include mapping data from Ordnance Survey © Crown Copyright. All rights are reserved.

8.20 Compliance with Building Regulations and Statutory Requirements

Our valuations have been provided in accordance with the RICS' Guidance Note: "*Valuation of properties in multi-storey, multi-occupancy residential buildings with cladding, 1st Edition March 2021*", effective from 5 April 2021.

Unless otherwise stated in our report none of the properties are of 18m or 6 storeys or more or are subject to any remedial works in the wake of the Grenfell Tower disaster of June 2017. We have therefore assumed that the properties conform to the Fire Precaution Regulations and any other statutory requirements.



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About JLL

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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. 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 following 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.

SUBSCRIPTION AND SALE

The Issuer has, pursuant to two Forward Purchase Agreements each dated 18 September 2020 (the **Forward Purchase Agreements**) between the Issuer and the purchasers named therein (the **Purchasers**), agreed to sell £100,000,000 in principal amount of the New Bonds to the Purchasers at the issue price of 150.70 per cent.

United States

The Bonds have not been and will not be registered under the Securities Act or the securities laws of any state and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

No offer, sale or delivery of the New Bonds may be made (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the New Bonds Issue Date within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of the New Bonds within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Terms used above have the meanings given to them by Regulation S and the Securities Act.

United Kingdom

No invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) may be made in connection with the issue or sale of any New Bonds other than in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

All applicable provisions of the FSMA must be complied with with respect to anything done in relation to the Bonds in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA Retail Investors

The New Bonds may not be offered, sold or otherwise made available to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or both) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of 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; and
- (b) the expression **an offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the New Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the New Bonds.

Prohibition of Sales to UK Retail Investors

The New Bonds may not be offered, sold or otherwise made available to any retail investor in the UK. For the purposes of this provision:

- (d) the expression **retail investor** means a person who is one (or both) of the following:
 - (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;
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the New Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the New Bonds.

General

None of the Issuer, the Borrower and the Bond Trustee represents that New Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The issue of the New Bonds has been approved by a resolution of the Board of Directors of the Issuer dated 16 September 2020.

Listing of the Bonds

It is expected that the official listing of the New Bonds will be granted on or about 14 March 2022 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 £7,515. The Borrower shall pay to the Issuer, *inter alia*, an amount equal to such expenses in accordance with Clause 7 (*Expenses*) of the 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.optivo.org.uk/investors.aspx>:

- (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 (the Borrower currently prepares audited accounts on an annual basis); 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 213800VUZGGHUSVPHE46.

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 XS2454810800. 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 245481080. 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 2021.

There has been no material adverse change in the prospects of the Borrower since 31 March 2021.

There has been no significant change in the financial performance or financial position of the Group since 31 March 2021.

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 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 2020 and 31 March 2021. BDP 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 Bonds: 2.213 per cent. (semi-annual). The yield is calculated at the New Bond Issue Date on the basis of the Issue Price. It is not an indication of future yield.

ISSUER

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BOND TRUSTEE AND SECURITY TRUSTEE

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