



ANNUAL REVALUATION & REPORT

98 AFFORDABLE HOUSING PROPERTIES PREPARED ON BEHALF OF HEYLO HOUSING SECURED BOND PLC

September 2019 | Private & Confidential

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1.0 Executive summary

As part of the annual revaluation, we have been instructed to provide our opinion of the Existing Use Value for Social Housing ("EUV-SH") of 98 affordable housing units ("the Portfolio") owned by Heylo Housing Secured Bond Plc ("Heylo"), which we note is not itself a Registered Provider as outlined in the 2008 Housing Regeneration Act, as at 1st October 2018, although the properties are leased to the occupiers via Heylo Housing Registered Provider Ltd which is a Registered Provider.

This report is intended as the annual valuation of Heylo Housing Secured Bond Plc. Montagu Evans have carried out previous valuations for HH No.1 Ltd dated 30th September 2015, 30th September 2016, 30th September 2017 and 1st October 2018 however understand this is a new portfolio held by Heylo Housing Secured Bond Plc. We understand that our valuation is to be provided for loan security purposes.

We are informed that the Portfolio contains the following:

- 77 Home Reach units;
- 21 Your Home units.

The schemes are located across the United Kingdom. A full schedule of accommodation is included as Appendix III.

We are informed that some of the properties are designated as shared ownership properties and are owned freehold or long leasehold by Heylo, with the potential purchasers acquiring a leasehold interest in the property for typical term of 99 or 125 years. We have not been provided with a breakdown of the unexpired lease terms and have assumed that all units have a lease term in excess of 99 years and therefore in our opinion will not have a negative impact on value at the date of valuation.

The shared ownership leases contain a provision which allows leaseholders to buy additional shares in the property throughout the term with the process of increasing the share owned by the leaseholder known as 'staircasing'.

We have been advised by Heylo that the gross annual rent receivable from the Portfolio is £496,049.50 in year one. This is based upon the following breakdown:

- Home Reach (including Owned and on the market) : £298,842.49 per annum;
- Your Home: £197,207.01 per annum;

In line with our instructions and our valuation in preceding years, we have relied on this information being accurate and have not otherwise verified the rent roll of the Portfolio.

We are informed that the properties are managed in-house by Heylo. We understand that the in-house management team will be expected to collect a minimum payment of 96% of the gross rents receivable from the subject shared ownership properties.

The Portfolio has been valued using a DCF, reflecting the average weighted maturity of the occupational leases (as advised by Heylo).

We have valued the Portfolio using separate discounted cash flow (DCF) models for the Home Reach (shared ownership), Your Home and social rent properties. The Your Home and Home Reach properties have been valued using a DCF, reflecting the average weighted maturity of the occupational leases (as advised by Heylo).

In line with the annual revaluation of the subject properties, in our opinion the Existing Use Value for Social Housing ("EUV-SH") of the combined leasehold and freehold interests held by Heylo Housing Secured Bond Plc of 98 units as at 30th Septemebr 2019, free from any onerous covenants or restrictions and subject to the occupational arrangements set out in this report, is in the sum of:

£19,233,397

(Nineteen Million, Two Hundred and Thirty Three Thousand, Three Hundred and Ninety Seven Pounds)

We would note that these figures are stated before the deduction of any usual purchaser's or disposal costs.

2.0 Introduction

As part of the annual revaluation, we have been instructed to provide our opinion of the Existing Use Value for Social Housing (“EUV-SH”) of 98 affordable housing units (“the Portfolio”) owned by Heylo Housing Secured Bond Plc (“Heylo”), which we note is not itself a Registered Provider as outlined in the 2008 Housing Regeneration Act, as at 1st October 2018, although the properties are leased to the occupiers via Heylo Housing Registered Provider Ltd which is a Registered Provider.

This report is intended as the annual valuation of Heylo Housing Secured Bond Plc. Montagu Evans have carried out previous valuations for HH No.1 Ltd dated 30th September 2015, 30th September 2016, 30th September 2017 and 1st October 2018 however understand this is a new portfolio held by Heylo Housing Secured Bond Plc. We understand that our valuation is to be provided for loan security purposes.

Montagu Evans LLP is appointed as external valuers. We are not aware of any conflicts of interest which may arise in advising the above named parties in respect of this instruction. We can confirm that our valuations are prepared in accordance with the requirements of the RICS Valuation – Global Standards (July 2017) of the Royal Institution of Chartered Surveyors (“the Red Book”) which came into effect on 1 July 2017. We would refer you to the Terms of Business attached to this report as Appendix II, which includes the valuation caveats upon which we have relied in the preparation of our valuations.

We are informed that the Portfolio contains the following:

- 77 Home Reach units;
- 21 Your Home units.

A full schedule of accommodation is included as Appendix III.

In accordance with your instructions, our report has been prepared on the basis that we have not conducted an inspection or measured survey of the individual properties that comprise the Portfolio. We have carried out on-line viewings using IT software and mapping tools.

As agreed, in arriving at our opinion of value we have relied on information provided by Heylo. This information was provided by Heylo via email and we have not been instructed to interrogate this data further. This information has been supplemented by our own market research and other data we have gathered. The information provided to us via email includes:

- Property addresses outlined in the Full Portfolio Accommodation Schedule;
- Property description / type (tenure, title) as outlined in the Full Portfolio Accommodation Schedule;
- Gross annual rent receivable from each property as outlined in the Full Portfolio Accommodation Schedule;
- Tenant’s share of ownership (in respect of shared ownership units) as outlined in the Full Portfolio Accommodation Schedule;

By agreement with Heylo, the scope of due diligence undertaken by us and providing this valuation report to the above named parties has been limited in certain areas. The extent of the due diligence enquiries we have undertaken and the source of information we have relied upon for the purposes of our valuations are stated in the relevant sections of our report below.

We confirm that our valuation has been carried out by Mr Gary Howes MRICS who is a partner of the firm and an RICS Registered Valuer (VRS No. 81114), together with Eleanor Cook MRICS, an Associate of the firm and an RICS Registered Valuer (VRS No. 5641680). Mr Howes has significant experience in the valuation of commercial and residential property across the United Kingdom, which we consider suitable for this instruction.

This annual revaluation report, together with its appendices, is provided for the use only of the parties to whom it is addressed and is for the sole purpose for which it was commissioned; no responsibility is accepted to any third party for the whole or any part of its content. We acknowledge that Heylo will be reporting the value of its assets in its audited accounts based on our valuation. The basis of valuation may not be appropriate for other purposes and should not be so used without prior consultation with us.

This report may only be relied upon by the addressees to whom it is addressed specifically. The contents of this report may be disclosed too, but not relied upon by:

- (a) any person to whom it is disclosed under any relevant law or regulation;
- (b) any professional adviser or insurer of the addressee; and
- (c) any rating agency, including any agent or adviser thereof.

This report has no other purpose and should not be relied upon by any other person or entity.

Your Home product

We are informed that Heylo have sold shares in 21 of the units on a Do-It-Yourself Shared Ownership (DIYSO) basis which they have branded 'Your Home'. DIYSO is a part buy, part rent scheme designed to help people get on the housing ladder and is very similar to other shared ownership schemes. DIYSO allows you to buy a share in a home of your choice and pay an affordable rent on the part you don't own.

We are informed that in this instance, Heylo has sold average customer shares of 32% deposits, therefore leaving Heylo with an average 68% share in each of the units. We are informed that the rent leaseholders pay on the percentage they own starts at 4.89% and increases with the Retail Price Index (RPI) plus 0.75% each year. If RPI is zero or negative the rent will increase by 0.75% only.

We have allowed for House Price Inflation (HPI) of 4.5% per annum over the period of our cash flow (100 years). The House Price Index (HPI) is a tool that measures residential transaction numbers and the movement of average house prices in England and Wales and is updated monthly. It uses evidence based upon the actual price at which every property in England & Wales has transacted, rather than asking prices or prices based upon samples. We have relied upon HPI data provided by Nationwide when forming our opinion of the appropriate HPI to use in our 100 year cash flow. Obviously, it is challenging to predict how the residential market will perform over the next 100 years, and so relying on available past data is crucial in our assessment. Although some may describe the current UK market as stagnate, we have to assume that there will be both peaks and troughs in the market over the next 100 years and so need to take a pragmatic approach when forming our opinion of HPI.

When analysing the data available to us, Nationwide's opinion of HPI on an average basis since 1952 (when HPI records began) reflects an average of 7.9. As a sense check, we have further calculated that the 30 year average is 5.22, the 20 year average is 6.4 and the 10 year average being 3.8

We have therefore have taken a slightly cautious approach and assumed a HPI level of 4.5.

We have been informed that with Your Home the leaseholder will be entitled to 75% of any value increase on the share they do not own. Therefore Heylo will not get all of the HPI upon staircasing. In this instance, should HPI be 4.5%, the EUV-SH will use a HPI assumption of $(1 - 75\%) \times 4.5\% = 1.125\%$.

Brexit

Following the referendum held on 23rd June 2016 concerning the UK's membership of the EU, a decision was taken to exit in March 2019. We are now in a period of uncertainty in relation to some factors that historically have acted as drivers of the property investment and letting markets. Such circumstances are unprecedented but are expected to result in similar uncertainty in much of the property market.

Because of this, there is a reduced level of certainty that can be attached to valuations, however, it should be noted that the affordable housing market remains resilient and indeed, levels of interest appear to be increasing in affordable home ownership products as an alternative to purchasing a property on the open market.

We would recommend that the valuation is reviewed and that specific marketing advice is obtained should you wish to effect a disposal.

3.0 Basis of Valuation

In arriving at our opinion of value we have had regard to the RICS Valuation – Global Standards (July 2017) which came into effect on 1 July 2017 (“the Red Book”), the definitions of value set out therein and other RICS Practice Standards and Codes of Practice where appropriate.

In accordance with the RICS Valuation – Professional Standards UK (“UKVS”) an affordable housing portfolio is to be valued in accordance with the definition of Existing Use Value for Social Housing (“EUV-SH”).

EUV- SH is defined in UKVS 1.13 of the Red Book as follows:

Existing use value for social housing (EUV-SH) is the estimated amount for which a property should exchange, on the valuation date, between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion, subject to the following special assumptions that the property will continue to be let by a body pursuant to delivery of a service for the existing use:

- a. at the valuation date, any regulatory body, in applying its criteria for approval, would not unreasonably fetter the vendor’s ability to dispose of the property to organisations intending to manage their housing stock in accordance with that regulatory body’s requirements*
- b. properties temporarily vacant pending re-letting would be valued, if there is a letting demand, on the basis that the prospective purchaser intends to re-let them, rather than with vacant possession and*
- c. any subsequent sale would be subject to all of the above special assumptions.*

No allowance is made in our valuations for any expenses of realisation, and no allowance is made for any liability for payment of Corporation Tax or Capital Gains Tax, whether existing or which may arise in the future.

Having regard to the nature of the Portfolio and the status of Heylo we understand that the Portfolio is to be valued reflecting the expectation that it will continue to be used for social housing. Our valuation therefore does not consider the potential for uses other than as social housing.

In addition, in providing our opinion of value in line with the RICS definition of EUV-SH we note that whilst the Your Home Lease contains the key provisions of the Homes England standard form lease, this product has been deliberately designed to be different to typical Shared Ownership interests held by landlords. We would also note that the Your Home Lease is a new product that is yet to be tested in the second hand market and may not meet the valuation requirements of EUV-SH. As such there will be a risk that in the event of a sale, a value below that derived through EUV-SH may be realised. Our adoption of EUV-SH should therefore be treated as a special assumption and we reserve the right to review our valuation approach should this special assumption prove to be at odds with the approach taken by the market at subsequent sales of this specific type of shared ownership.

Where assumptions have been made by us in arriving at our valuation, these are clearly outlined within the report.

4.0 Sources and Verification of Information

General

We have relied upon property location and description information provided to us by Heylo. We have verified the accuracy of this information by carrying out office based research using IT and mapping software.

We have also relied upon Portfolio data provided to us relating to tenancy types, rental income, tenant ownership and rent review provisions. Whilst we have been provided with scheduled data and sample documents we have relied upon the fact that Heylo has sought to verify all data through themselves or their legal advisors.

Nomination Agreements

We have not had sight of a nomination agreement. Our valuations are based on the assumption that should there be any nomination agreements in existence, that they are free from any onerous conditions. This is an area for legal consideration by the legal advisors.

Inspections

In accordance with your instructions, our report has been prepared on the basis that we have not conducted an inspection or measured survey of the individual properties that comprise the Portfolio. We have carried out on-line viewings using IT software and mapping tools.

Condition and Repair

In accordance with our instructions, we have not carried out condition surveys of the properties. We have assumed the properties to be in a reasonable state of repair commensurate with their age and use, with no wants of repair that would impact on value.

We have not carried out or been provided with a building or structural survey of any of the properties and are therefore unable to confirm that no dangerous or deleterious materials have been utilised in the construction of the properties. We have assumed for the purposes of our valuation that no such materials are present, although we would comment that in view of the relatively modern construction of a large proportion of the properties and their original development by well-established volume house builders, that the use or existence of any deleterious materials will be remote.

For the purpose of our valuations we have assumed that each property has a useful economic life of in excess of 100 years. During this period we have assumed that the properties will be properly maintained.

Flood Risk

We have not made any checks on The Environment Agency website, this being outside our scope of services. Accordingly we have not made any adjustment to our valuation in respect of flood risk.

Ground Conditions

We have not carried out any investigations into the presence of contaminative, or potentially contaminative, substances at the property sites. We can therefore not confirm that the sites are not, nor have ever been, subject to contaminative uses or are contaminated. We have assumed for the purposes of our valuation that no contaminative substances are present on the sites or on neighbouring properties. Again, noting the modern construction of much of the portfolio we would not anticipate any contamination issues being present at levels likely to adversely affect the properties, their value or their use as residential accommodation.

Services

We confirm that we have not carried out a test of any mains services but have assumed that all properties are connected to mains services.

Town Planning

We have prepared our valuations on the assumption that all properties have been constructed, implemented and are used in accordance with a valid planning permission.

We have not been provided with any copies of Section 106 agreements or planning consents in respect of the properties. Our valuations are based on the assumption that there are no contingent liabilities attached to the properties or unsatisfied planning conditions that may have been attached to the original planning consents. We have further based our valuation on there being no breaches of planning permission or conditions attached thereto and no enforcement notices have been served against any properties. This is an area for legal consideration by the Bond Issuer's legal advisors.

Building Regulations and Statutory Requirements

We have assumed that all properties conform to the Fire Precaution Regulations and are constructed in accordance with Building Control Regulations at the time of construction and all other relevant statutory requirements.

Reinstatement Cost Assessment

In accordance with the terms of our instructions we have not prepared reinstatement cost assessments of the properties for insurance purposes.

5.0 Legal Interest

Title

We have previously been provided with Certificates on Title for the units at the time of charging to the Security Trustee. Some of the Certificates of Title adopted a sampling approach and so for any properties not sampled within the Portfolio we have made the assumption that the Portfolio benefits from a good and marketable freehold or long leasehold title free from any onerous burdens or restrictions that would otherwise give rise to a material reduction in value reported within this document.

Tenure

We are informed that the Portfolio contains the following:

- 77 Home Reach units;
- 21 Your Home units.

A full schedule of accommodation is included as Appendix III.

Home Reach (Shared Ownership)

Shared ownership schemes are owned freehold or long leasehold by landlords, with potential purchasers acquiring a leasehold interest in the property for typical terms of 125 years. We have not been provided with a breakdown of the unexpired lease terms and have assumed that all are for 125 year periods and therefore, in our opinion will not have an adverse effect on value at the date of valuation.

On the basis of the above, in valuing the Portfolio, we have not separated the freehold and leasehold properties. It is our belief that when undertaking cashflow valuations of this nature there is no material difference between freehold and long leasehold interests. We understand from Heylo that in some instances where ground rents are chargeable and/or enforceable that the ground rents chargeable at the leasehold properties are paid by the leaseholder to Heylo and then this is then paid to the subsequent freeholder. Therefore no ground rent value is created within the portfolio.

Most shared ownership leases are granted by housing associations and are usually in a format approved by Homes England. Homes England-approved shared ownership leases must include seven core clauses relating to:

1. Alienation – restrictions on sales and prohibition on subletting;
2. Rent review – rent to be reviewed annually in line with RPI plus an amount, typically ranging from 0.5% to 2.0%;
3. Service charge – a service charge contribution must be paid;
4. Mortgage protection – clause designed to protect a mortgagor's security;
5. Staircasing – clause allowing leaseholder to purchase additional shares of equity;
6. Pre-emption – the landlord has a right of first refusal if the property is sold; and
7. Stamp Duty Land Tax – the leaseholder has an option to pay SDLT on either, the initial sale price and the rent, or on the full market value of the property.

We have been informed that, in line with Homes England's provisions, leaseholders can purchase additional shares of equity.

Management Agreements

We are informed that the new properties are managed in-house by Heylo.

We understand that the in-house management team will be expected to collect a minimum payment of 96% of the gross rents receivable from the subject shared ownership properties.

We have been advised by Heylo that the gross annual rent receivable from the Portfolio is £469,049.50 in year one. This is based upon the following breakdown:

- Home Reach (including Owned and on the market) : £298,842.49 per annum;
- Your Home: £197,207.01 per annum.

We have relied on this information being accurate and have not otherwise verified the rent roll of the Portfolio.

We have assumed that any voids or rental arrears are accounted for in the % reduction in the gross income stream.

Moving forward, as Heylo will be managing the properties in-house under an agreement similar to the Guinness Management Agreement, we consider the in-house management team to be an appropriate service provider.

6.0 Market Commentary

Economic Growth and Employment

The UK economy has remained broadly flat since the 2016 Brexit vote on the UK's membership of the European Union, with GDP growth fluctuating between -0.2% and 0.6% since the beginning of 2017 (source: ONS).

Following the stockpiling rush prior to the initial Brexit leave date in March 2019, which inflated the rate of economic growth, the Bank of England has since cut its forecasts for UK growth over the next two years. Its forecast for GDP growth this year is 1.3%, down from its previous prediction of 1.5% in May. The Bank also cut its outlook for growth in 2020 to 1.3%, from a previous projection of 1.6%. The forecasts are based on the assumption that the UK leaves the EU with a Brexit deal. However, it suggests growth could be much slower in the event of no deal.

A messy and disorderly exit from the EU remains the main downside risk to the UK's economic outlook as the disruption caused would increase the likelihood of the UK's weak growth trajectory translating into a more pronounced deterioration in economic conditions.

The continued lack of clarity over Brexit means that business investment is forecast to contract at a faster rate this year than was previously thought, while the lingering uncertainty means corporate spending will also recover at a sluggish rate next year. Businesses are putting resources into contingency plans, such as stockpiling, rather than investing in ventures that would positively contribute to long-term economic growth.

The uncertainty associated with Brexit may have a corresponding impact on UK real estate markets, albeit the main property fundamentals, in terms of the occupational markets, are in most sectors fairly robust. Nevertheless, bank lending has been much more prudent in recent years so we are unlikely to face another banking crisis, and there is still a significant volume of equity seeking property investments.

The UK job market has remained resilient with the strongest earnings growth in 11 years and robust employment creation contrasting with recent signs of economic weakness.

From June to August 2019, the UK employment rate was estimated at 75.9%, higher than a year earlier but 0.2% lower than the previous quarter. ONS estimates for June to August 2019 show 32.69 million people aged 16 years and over in employment, 282,000 more than a year earlier. This was largely driven by an increase in the number of women and those aged 50 in work, as well as a greater number of people working full-time. However, the unemployment rate in the June to August period showed a slight rise to 3.9%, up from 3.8% in the previous quarter, after the number of people in work unexpectedly fell by 56,000, which was the first quarterly decrease since August to October 2017.

In the three months to August, annual growth in average weekly earnings for employees, excluding bonuses, increased 3.8%, down from 3.9% in the previous period.

The jobs market remained remarkably robust in Q2 2019, despite the economy's slowdown and poor visibility on the outlook due to Brexit uncertainty. However, it is expected a Brexit effect might weaken employment growth in the next batch of official data released as question marks arise over the sustainability of real wage growth.

Inflation and Consumer Spending

UK inflation (CPI) fell from 2.0% to 1.7% in August 2019, and remained at this level in September 2019. This is the lowest rate witnessed since late 2016.

The latest consumer confidence data from GfK showed some improvement as the headline index increased two points to -12% for September 2019. Against a backdrop of stable inflation and a robust labour market, where wages continue to grow more quickly than prices, confidence has remained negative but fairly stable since the referendum. There are still positive links to personal finances, however the poor view of the wider economy is keeping the headline score negative. The Overall Index Score has now registered at zero or negative since February 2016.

It is apparent that consumers are remaining calm despite political carry-on in the Westminster bubble with the clock ticking on the UK's eventual departure from the EU.

The Bank of England's Monetary Policy Committee voted unanimously to hold the Interest Rate at 0.75% percent during its September policy meeting, and reaffirmed its pledge to gradual and limited rate rises under the assumption of a smooth Brexit and some recovery in global growth.

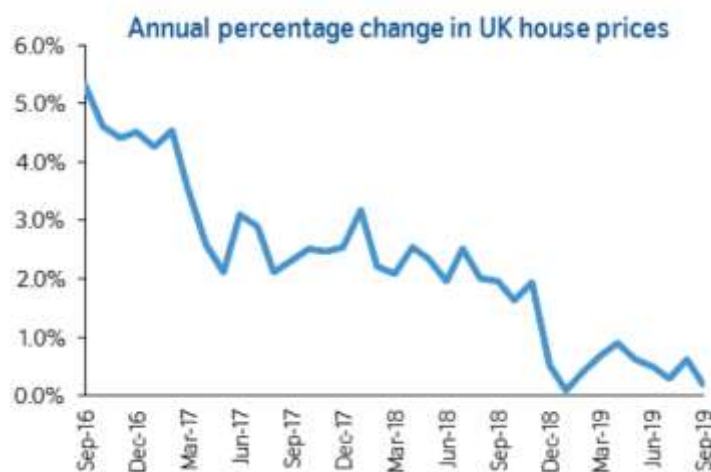
Housing Market

Annual house price growth remained below 1% for the tenth month in a row in September 2019, at 0.2%, down from 0.6% in August.

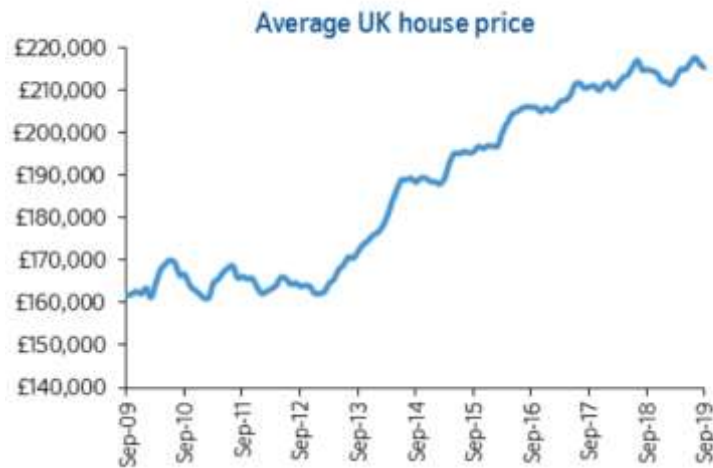
Data from a recent survey by Nationwide suggests that new buyer enquiries and consumer confidence have remained subdued in recent months. Nevertheless, indicators of housing activity, such as the number of property transactions and the number of mortgages approved for house purchase have remained broadly stable. Brexit uncertainty had widely been associated with this relatively static UK housing market, although some commentators have said this has led to pent-up demand.

Housing market trends are likely to continue to mirror developments in the broader economy. While healthy labour market conditions and low borrowing costs will provide underlying support, uncertainty is likely to continue to remain as a drag on sentiment and activity, with price growth and transaction levels remaining flat over the coming months.

Looking forward, much will depend on how broader economic conditions evolve. In the near term, the squeeze on household budgets and the uncertain economic outlook is likely to continue to dampen demand, even though borrowing costs remain low and the unemployment rate is at a 40-year low. The most recent update on Brexit suggests continued uncertainty until the proposed leave date of 31st October 2019.



(Source: Nationwide)



(Source: Nationwide)

The September 2019 RICS Residential Market Survey results point to renewed uncertainty causing both buyers and vendors to remain hesitant. Activity remains subdued across the sales market with headline indicators on buyer demand and supply now moving into negative territory. Following three months of broadly stable levels of supply, the latest survey highlights a renewed decline in the number of new listings, as a result of the Brexit impasse dissuading vendors. Alongside this, a more cautious approach from purchasers was evident in the September results.

UK Affordable Housing Market

Affordable housing (or social housing) provides accommodation for rent or sale at sub-market prices to those whose needs are not met by the market.

Shared Ownership

Shared ownership (or shared equity) schemes are a way to facilitate house purchases for people who may not otherwise be in a position financially to do so. Shared ownership properties are owned by housing associations, which are regulated by Homes England. The housing association owns the freehold or long leasehold interest in the property and a potential purchaser, should they meet certain qualification criteria, can purchase a leasehold interest in the property for typical terms of 99 or 125 years. Unlike a traditional lease, a shared ownership lease will specify that the leaseholder owns a given percentage of the property. Typically, the leaseholder also pays a rent to the housing association in respect of the share of the property which it does not own.

Shared Ownership leases typically contain a provision which allows leaseholders to buy additional shares in the property throughout the term as and when they are able/wish to do so. This process of increasing the share owned by the leaseholder is known as 'staircasing', and it will continue until the leaseholder owns 100% of the property. Leaseholders are entitled to purchase additional shares in the property at any time except within the first 12 months of the lease. Shares must usually be bought in minimum tranches of 10% of value.

As the leaseholder's share of the property increases, the rent payable to the housing association reduces proportionally. The rent payable is subject to annual review, usually in line with RPI or an alternative index.

As rent is paid on that part of the equity not owned by the leaseholder, a landlord can take action in the courts to repossess the property if rental payments are three months in arrears. If the property is repossessed in these circumstances no compensation is payable to the leaseholder in respect of the market value of the leaseholder's equity share. This can be to the advantage of the landlord as they will then have the opportunity to secure a further capital receipt by re-selling the now-vacant property to an alternative leaseholder.

Since the onset of the 'Credit Crunch' shared ownership has become an increasingly viable option for many wishing to enter home ownership. Deposit requirements and level of household income required to purchase an equity share are greatly reduced when compared to other forms of home ownership. In addition, mortgage providers now offer a wide range of loan to value products (including up to 95% and even 100% advances) for shared ownership properties with rates on a par with traditional 100% home ownership.

Figures recently released to Inside Housing by the National Housing Group (NHG) showed that the organisation's 80 members are set to vastly increase the delivery of shared ownership housing. Research conducted by JLL implies that housing associations have at least 25,000 shared ownership properties currently under construction, which are all likely to come to the market within the next 12 to 18 months. Over the past 30 years shared ownership delivery has averaged 6,000 homes per year. The NHG members are now aiming to try and deliver 39,000 new homes per year, but it is understood that this is some way off from being achieved.

Finally, with the burgeoning market of shared ownership and other forms of assisted ownership now commonplace in new homes, the awareness of shared ownership as a relevant stand-alone tenure is such that a buoyant second-hand market now exists for those owners who wish to sell on their share.

Brexit

Following the referendum held on 23rd June 2016 concerning the UK's membership of the EU, a decision was taken to exit in March 2019. We are now in a period of uncertainty in relation to some factors that historically have acted as drivers of the property investment and letting markets. Such circumstances are unprecedented but are expected to result in similar uncertainty in much of the property market.

Because of this, there is a reduced level of certainty that can be attached to valuations, however, it should be noted that the affordable housing market remains resilient and indeed, levels of interest appear to be increasing in affordable home ownership products as an alternative to purchasing a property on the open market.

We would recommend that the valuation is reviewed and that specific marketing advice is obtained should you wish to effect a disposal.

7.0 Valuation Methodology

Introduction

Our valuation has been undertaken in line with the RICS definition of EUV-SH. We have therefore assumed that the Portfolio will be disposed of to an RP and not into the open market. RPs will base the level of their bid for the Portfolio according to the projected income receivable under their management, as regulated by Homes England.

Home Reach (Shared Ownership)

We have valued the shared ownership properties using a specific Discounted Cash Flow (DCF) model. We have valued the equity retained in the shared ownership units on a EUV-SH basis, reflecting the assumption that the properties will be disposed of to another RP. The shared ownership properties have been valued using a DCF reflecting the average weighted maturity of the occupational leases (as advised by Heylo).

We have valued 96% of the gross income stream and our valuation assumes the gross to net income profile will remain constant throughout the whole cash flow period.

Based on staircasing experience and forecasts provided by Heylo, we have based our valuation on the assumption that 1.0% of the total remaining equity held by the landlord will be purchased by leaseholders in each year of our cash flow. The rent paid by the leaseholders will reduce proportionately.

We have adopted a discount rate of 5.0% in respect of the rental income and 5.5% in respect of the staircasing income.

Inflation

Our cashflows allow for rental income to increase in line with RPI inflation. Although we are aware that inflation is not always allowed for in valuations of this nature, we consider it to be appropriate in this case given the RPI-linked returns offered by the bond being issued.

Having regard to the Office for National Statistics published data, trends over the last 10 to 20 years suggest that RPI runs at around 2.7% per annum.

There has been a review of the methodology used to measure RPI inflation, as a response to the Consumer Prices Advisory Committee recommending a change to remove the 'formula effect' gap between RPI and CPI, which generally runs at around 100 bps. Whilst this has not resulted in any changes to the calculation of either RPI and CPI which will both continue, RPIJ and CPIH have recently been introduced which are more closely aligned with European standards and show lower increases than the traditional measures. We understand that the new indices will run alongside the existing RPI and CPI, with RPI still being used for index-linked gilts and bonds. For the avoidance of doubt we confirm that we have solely relied upon RPI in our assessment of cash flows from the Portfolio.

According to financial market commentators, recent economic forecasts suggest both measures of inflation are expected to fall to a lower rate in the medium term as a result of a general easing of inflationary pressures.

We have therefore have taken a slightly cautious approach and assumed a HPI level of 4.5.

Discount Rates

We have discounted the net income streams receivable from the Portfolio at an appropriate discount rate that reflects our judgement of economic conditions, the long-term cost of borrowing for an acquiring RP, and the overall level of risk associated with each cash flow.

Factors determining our choice of discount rate include:

- the sustainability of the existing income;
- the likely rate of future income growth;
- the location, nature and condition of the Portfolio;
- the cost of borrowing for an acquiring organisation; and
- long-term gilt rates.

The current yield on 30-year Government gilts is 1.96% as at August 2018. 30 years sterling swaps are at 2.962%. This effectively represents the risk-free discount rate. Yields on long-dated housing association bonds are typically around 3.00%, reflecting the additional risk of these bonds when compared to gilts. We set out below details of a number of long-term (generally 25 to 30 year) bonds issued by housing associations that indicate the typical yields and gilt spreads (the gap between the yield and the gilt rate) offered. This is the latest information available and we anticipate updated and more recent information to be available soon.

Bond Issuer	Date	Yield	Gilt Spread (bps)
Fortis/Wales&West/Waterloo	September 2018	3.45	158
Peabody	September 2018	3.25	155
Orbit	June 2018	3.46	140
Bromford	May 2018	3.25	135
Clarion	April 2018	3.125	137
Great Places	March 2018	3.34	140
Optivo	February 2018	3.283	140

Borrowing costs are generally running at around 4.0% to 6.5%, including margins and fees. The supply of long term (25 to 30 years) funding has diminished and is only available from a very limited number of lenders. Although interest rates generally, and short term rates in particular, remain lower than we have seen for some time, the increase in lenders' margins and other charges has resulted in overall long term funding costs being similar to those seen over the last few years.

8.0 Home Reach Units – Valuation Approach

Introduction

The Portfolio includes 77 properties, 47 of which are currently occupied on shared ownership leases (with Heylo owning an average 53.5%), and 14 of which are currently SSTC (with an average of 64.29% still to be owned by Heylo).

In addition to the above, there are 16 units that are owned by Heylo and are on the market. Heylo currently owns 100% of equity in the units and is expecting to sell 25% shares.

We have valued the equity retained in the shared ownership units on an EUV-SH basis, reflecting the assumption that the properties will be disposed of to another RP.

We have valued the equity retained in the shared ownership units on an EUV-SH basis, reflecting the assumption that the properties will be disposed of to another RP.

We have valued 96% of the gross income stream receivable from the shared ownership units using a DCF and we have retained a constant 96% of gross income for the whole cash flow period

Rents

The gross rent receivable from the shared ownership properties amounts to £298,842.49 in year one. We have adopted a net income stream equating to 96% of the gross annual rent receivable from the shared ownership element of the Portfolio. We have therefore adopted a day one net rental income of £286,888.79 per annum to reflect this arrangement.

Rental Growth

Our cash flow assumes annual rental growth of RPI plus 0.5%. This reflects the information we have been given by Heylo as to the average weighted ratchet reflected by the terms of the various sample shared ownership leases.

Outgoings

As tenants reside on Full Repairing and Insuring leases (FRI) our valuation has not made any allowance for outgoings including maintenance, repair and insurance.

We have assumed that all repair obligations lie with the leaseholder and that any day-to-day and cyclical maintenance will be fully recoverable through a service charge.

We have assumed that any voids or rental arrears are accounted for in the 4% reduction in the gross income stream.

Staircasing

Based on staircasing experience and forecasts provided by Heylo, we have based our valuation on the assumption that 1.0% of the total remaining equity held by the landlord will be purchased by leaseholders in each year of our cash flow. The rent paid by the leaseholders will reduce proportionately.

As set out in Section 7.0 of this report, we have allowed for house price inflation (HPI) of 4.5% per annum over the period of our cash flow.

Discount Rate

We have adopted a discount rate of 5.0% in respect of the rental income and 5.5% in respect of the staircasing income.

Due to the fact that shared ownership tenants own a stake in the property, historically they have low arrears and defaults. Furthermore, landlords can recoup management costs through a service charge and the tenant is responsible for maintenance of the property. We therefore consider the rental income derived from the shared ownership units to be very low risk.

We would also note that in the unlikely event that a shared ownership tenant defaults on his rental payments, the landlord will have the opportunity to repossess the property and achieve a capital receipt through the resale of the now-vacant unit. This mitigates the potentially negative impact of a tenant default.

The higher discount rate applied to the staircasing income reflects the uncertainty surrounding when leaseholders will purchase additional tranches and how large a share of equity it is. The higher discount rate therefore reflects the additional risk of realising the value when compared to the rental income.

9.0 Your Home Units – Valuation Approach

Introduction

The Portfolio includes 21 properties which are held on shared ownership leases as a Your Home product. At the time of acquisition, Heylo owns 67.86% of equity in the units (on an average basis).

We have valued the equity retained in the shared ownership units on an EUV-SH basis, reflecting the assumption that the properties will be disposed of to another RP.

We have valued 96% of the gross income stream receivable from the shared ownership units using a DCF and we have retained a constant 96% of gross income for the whole cash flow period (100 years).

Rents

We have been advised by Heylo that the gross annual rent receivable from the Your Home properties is £197,207.01 in year one. This equates to a net annual rent of £189,318.73. We have relied on this information being accurate and have not otherwise verified the rent roll of the Property.

Rental Growth

We have assumed annual RPI over the term of our cash flow to be 2.7% plus 0.75%, as outlined in the sample lease.

Outgoings

We are informed that tenants will reside on Full Repairing and Insuring leases (FRI) and so our valuation has not made any allowance for outgoings including maintenance, repair and insurance.

We have assumed that all repair obligations lie with the leaseholder and that any day-to-day and cyclical maintenance will be fully recoverable through a service charge.

We have assumed that any voids or rental arrears are accounted for in the 4% reduction in the gross income stream.

Staircasing

Based on staircasing experience and forecasts provided by Heylo, we have based our valuation on the assumption that 0.6% of the total remaining equity held by the landlord will be purchased by leaseholders in each year of our cash flow. The rent paid by the leaseholders will reduce proportionately.

Discount Rate

We have adopted a discount rate of 6.0% in respect of the rental income and 6.5% in respect of the staircasing income.

Due to the fact that shared ownership tenants own a stake in the property, historically they have low arrears and defaults. Furthermore, landlords can recoup management costs through a service charge and the tenant is responsible for maintenance of the property. However, the Your Home product is new to the market, with limited supporting evidence.

We would note that in the unlikely event that a shared ownership tenant defaults on his rental payments, the landlord will have the opportunity to repossess the property and achieve a capital receipt through the resale of the now-vacant unit. This mitigates some of the potentially negative impact of a tenant default.

10. Property as Security

In accordance with the requirements of the RICS Valuation – Global Standards (July 2017) of the Royal Institution of Chartered Surveyors it is appropriate for us to draw the attention of the Issuer to those points that are relevant in assessing the suitability of the Property for loan security purposes.

Although it is difficult for us to draw any firm conclusions regarding the suitability of the Portfolio for loan security purposes in the absence of information regarding the level of the Bonds being considered by the Issuer, we consider the underlying fundamentals of the Property to be sound. On the assumption that the specific terms and level of the Bonds provided to the Borrower will accord with typical market terms, we consider the Property to provide good security to the Issuer for the Bonds and loan purposes.

Brexit

Following the referendum held on 23rd June 2016 concerning the UK's membership of the EU, a decision was taken to exit in March 2019. We are now in a period of uncertainty in relation to some factors that historically have acted as drivers of the property investment and letting markets. Such circumstances are unprecedented but are expected to result in similar uncertainty in much of the property market.

Because of this, there is a reduced level of certainty that can be attached to valuations, however, it should be noted that the affordable housing market remains resilient and indeed, levels of interest appear to be increasing in affordable home ownership products as an alternative to purchasing a property on the open market.

We would recommend that the valuation is reviewed and that specific marketing advice is obtained should you wish to effect a disposal.

11.0 Valuation

In line with the annual revaluation of the subject properties, in our opinion the Existing Use Value for Social Housing ("EUV-SH") of the combined leasehold and freehold interests held by Heylo Housing Secured Bond Plc of 98 units as at 30th September 2019, free from any onerous covenants or restrictions and subject to the occupational arrangements set out in this report, is in the sum of:

£19,233,397

(Nineteen Million, Two Hundred and Thirty Three Thousand, Three Hundred and Ninety Seven Pounds)

This can be apportioned as follows:

- Home Reach units - £13,316,529
- Your Home units - £5,916,868

We would note that these figures are stated before the deduction of any usual purchaser's or disposal costs.

We trust that the information contained within this report is sufficient for your purposes. However, should you wish to discuss any matter in further detail please do not hesitate to contact us.



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Date: 30th September 2019

APPENDIX 1

- Edinburgh
- Glasgow
- Manchester

EC/DVC12390

email: Eleanor.cook@montagu-evans.co.uk

11 October 2019

Chris Hewitt
5th Floor,
One New Change
London
United Kingdom
EC4M 9AF

Dear Chris

HEYLO HOUSING SB – ANNUAL PORTFOLIO VALUATION OCTOBER 2019

Further to our recent correspondence, I write to confirm our acceptance of Heylo Housing SB (HHSB) instructions to prepare a report and valuation setting out our opinion of the Existing Use Value for Social Housing (EUV-SH) of the above portfolio as at 30th September 2019.

We are informed that the valuation is to be prepared for HH3.

I can confirm that our valuation will be prepared in accordance with the requirements of the RICS Valuation – Global Standards (July 2017) of the Royal Institution of Chartered Surveyors (“the Red Book”) which came into effect on 1 July 2017 and included in our Terms of Business attached to this letter which also outline the Basis of Valuation caveats upon which we will rely in this appointment.

I further confirm that I am not aware of any conflicts of interest which may prejudice our instruction in this matter, and can advise that Montagu Evans holds professional indemnity insurance in the sum of £40,000,000 on an each and every claim basis. A copy of our policy can be provided upon request.

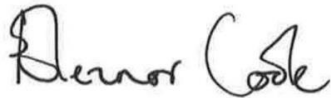
As agreed, we will rely on information provided by Heylo and their solicitors, Messrs Pinsent Masons LLP, in respect of tenure and title details together with the rental income for each of the properties which comprise the portfolio. We will not be expected to verify the information provided. In line with HHSB’s requirements, the valuation will be prepared on a desktop basis and as such, no inspections will be undertaken. We will therefore be solely relying on the information provided to us by Heylo and their advisers which will not be verified by us on site.

I propose to maintain our existing fee arrangement so that we charge £30 per unit (+VAT) for properties valued within a 6 month time period and £60 per unit (+VAT) for all other properties. Therefore, as the subject portfolio to be valued consists of 98 new properties our fee will be £5,880 (plus VAT) to be paid upon submission of our report.

I trust the above is acceptable and fairly reflects your instructions, but please do not hesitate to contact me should you wish to discuss any matter in greater detail or require additional information.

I look forward to hearing from you.

Yours sincerely,



Eleanor Cook MRICS
Montagu Evans LLP
RICS Registered Valuer

1. INTRODUCTION

1.1 These terms of business apply to Montagu Evans LLP subsequently referred to as "the LLP" which has been instructed by the Client (as defined above) to render services for it as defined above under Job Instructions. Payment for those services will be due to the LLP, which is duly authorised to give a good and valid receipt for invoices for services supplied by it.

1.2 A UK limited liability partnership is a body corporate that has "members" and not "partners". However, it is more usual for senior professionals to be referred to as "partners" and our members have decided they prefer to retain the traditional title of "partner". Therefore, when we refer in these terms of business, or otherwise in the course of your dealings with us, to a person being a "partner", that title means the person is a member of the LLP. The contract is subject to English Law, and will be interpreted in accordance therewith.

2. TERMS APPLICABLE TO THE CONTRACT

2.1 The Client is deemed to have accepted the Terms of Business of the LLP upon confirmation, either by the Client requesting the LLP to undertake the Instructions as set out above, or upon the LLP undertaking the Instructions as set out above. In the event that the Client subsequently withdraws the instructions to the LLP, the LLP shall be entitled to recover from the Client all reasonable disbursements and properly authorised expenses, if any, which have been incurred by the LLP.

2.2 We may decide to stop acting for you only with good reason. For example, if you do not pay an interim bill, or you give us instructions to proceed which conflict with our rules of professional conduct. We will notify you of any such decision. Further, we may assign the benefit of these Terms of Business to any partnership, or corporate entity that carries on the business of the LLP in succession to us. You will accept the performance of such assignee of the Terms of Business in substitution for the LLP.

3. CHARGES & PAYMENT

3.1 The LLP's fees and commission will be subject to applicable VAT and are as detailed in our letter to you of the same date as these Terms of Business. Unless stated otherwise in our letter, the Client will also indemnify the LLP against all reasonable disbursements, subsistence and travelling expenses as and when incurred. If work should prove abortive as a result of a Client's decision not to proceed, or as a result of extenuating circumstances outside the control of the Client or the LLP, abortive fees may be charged at 50% of the total fee level, or based on the hours spent and the hourly rates agreed at the time of the instruction.

3.2 The LLP will normally invoice for remuneration when the work is completed, or based upon the hours spent at the hourly rate agreed at the time of the instruction at which time we will send you a final invoice. Completion is defined as follows: -

3.2.1 Agency work - on possession, or legally binding agreement.

3.2.2 Rent reviews & lease renewals - on agreement of terms.

3.2.3 Valuation work – on receipt of our final report.

3.2.4 Other work – As defined in the attached letter.

3.3 An invoice submitted shall include in addition, expenses (where properly incurred) payable and applicable VAT on the total amount. Further, the invoice will deem to be agreed, unless the Client contests it within 28 days. Invoices are due for payment within 30 days and interest will be charged on late payment of invoices.

3.4 In the event that the LLP agrees to place orders for advice from counsel, approved marketing, advertising or planning fees, the LLP will invoice the Client for these as and when the LLP incurs those costs. Further, we will send you an interim bill for our services and expenses at appropriate intervals while the work is in progress.

4. EXCLUSIONS AND LIMITATIONS ON OUR LIABILITY

4.1 There is a risk that we will be prejudiced by a limitation or exclusion of liability which you agree with any other person (for example, another advisor) in connection with a matter in which we are advising you. This is because such a limitation or exclusion of liability might also operate to limit the amount which we could recover from that other person by way of contribution if we were required to pay you more than our proper share of the liability. Accordingly, in order that our position is not adversely affected by any limitation or exclusion of another person's liability, you agree that we will not be liable to you for any amount which we would have been able to recover from that other person by way of indemnity, contribution or otherwise but are unable to recover because you agreed, or are treated as having agreed, with them any limitation or exclusion on their liability.

4.2 You accept that we have an interest in limiting the personal liability and exposure to litigation of employees, consultants and partners. Having regard to that interest you accept that we are a limited liability entity and agree that you will not bring any claim personally against any individual employees, consultants or partners in respect of losses which you suffer or incur, directly or indirectly, in connection with our services. The provisions of this paragraph will not limit or exclude the liability of the LLP for the acts or omissions of our employees, consultants or partners. The provisions of this paragraph are intended for the benefit of our employees, consultants and partners provided that these Terms of Business may be varied from

time to time, or terminated without the consent of all, or any of those persons.

5. OTHER CONDITIONS

5.1 A copy of our Complaints Procedure is available on request, however under professional regulations this Procedure does not apply where the job relates to Expert Witness advice.

5.2 We are required by data protection legislation to obtain your consent for processing information about you and your colleagues. We will process this information solely for the purposes of providing services to you. In addition, we may send you brochures and updates from time to time concerning the LLP and may invite you to conferences, or social events. Please let us know if you do not wish us to process information about you and your colleagues for these additional purposes. We will keep files and other papers relating to your matters for a reasonable period, after which we may dispose of them without notice to you.

5.3 We may be required by statutory and other legal requirements to disclose information to governmental or other regulatory authorities. In particular you should be aware that under anti-money laundering legislation we may be obliged to notify the National Criminal Intelligence Service if we know, or suspect, or have reasonable grounds for suspecting that you, or another person, is using the proceeds of crime. You should be aware that in those circumstances we might be precluded from seeking your consent, or informing you that we have made a notification, or disclosure.

6. VALUATION ADVICE

6.1 The property/properties will be valued in accordance with the Royal Institution of Chartered Surveyors ("RICS") requirements as set out in the current edition of The RICS Valuation – Global Standards 2017.

6.2 Our report and valuation advice will be prepared for the Client, as stated in the letter of the same date. Further, the following are also stated in that letter: -

- 6.2.1 Purpose of valuation.
- 6.2.2 Property, (or properties) and their type.
- 6.2.3 Interest(s) to be valued.
- 6.2.4 Date of valuation.
- 6.2.5 Any special assumptions, or special instructions
- 6.2.6 Whether we are acting as an independent or external valuer.

6.3 Neither the whole nor any part of our report and valuation, nor any reference thereto may be included in any published document, circular or statement, or published in any way without our written approval which may specify the form and context in which it may appear.

6.4 Our valuation is prepared in accordance with the definitions of value for financial reporting as set out in RICS Valuation - Global Standards 2017 and RICS Valuation – Global Standards 2017 – UK National

Supplement. We set out the various definitions of value that may be relevant below:

Fair Value (FV): "the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties, in an arms-length transaction."

Market Value (MV): "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Market Rent (MR): "The estimated amount for which an interest in real property should be leased on the 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".

Existing Use Value (EUV): "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, assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding any potential alternatives 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 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 state of the market) for the proper marketing of the interest for the agreement at 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 at 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 that regulatory body's requirements; that properties temporarily vacant pending re-letting would be valued, if there is a letting demand, on the basis that the prospective purchaser intends to re-let them, rather than with vacant possession; and, any subsequent sale would be subject to all of the above special assumptions.

Depreciated Replacement Cost (DRC): "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".

Our valuations are stated before deduction of purchaser's costs, or for any expenses of realisation, that may be incurred by the Client, unless otherwise stated in our report. No allowance is made in our valuations for any liability for payment of Corporation Tax or Capital Gains Tax, whether existing or which may arise in the future.

6.5 We will rely upon information supplied to us by you, or your Solicitors in relation to the legal title and the terms of the occupational leases.

6.6 In addition, where it necessary to rely upon information provided by Local Authorities and Central Government Departments, informal enquiries only will be made and our advice will take into account information revealed as a result of such enquiries.

6.7 We will not carry out a building survey of the property, or a test of the building's services but will reflect in our valuation any defects, or items of disrepair noted during the course of our inspection, or brought to our attention. Our valuation is on the assumption that no high alumina cement or other deleterious materials have been used in the construction or alteration of the premises.

6.8 Our report is prepared on the assumption that no contamination exists and specifically excludes any contamination, unless instructed otherwise.

7. RENT REVIEW & LEASE RENEWAL ADVICE

7.1 The client is to be responsible for instructions to his Solicitors for the preparation of serving any notices within prescribed times, which are required under the terms of the lease, or relevant statutes.

8. CPO ADVICE

8.1 The advice will be given in accordance with the basis of assumptions, terms and conditions agreed with you, and your other professional advisors, on a case by case basis. As a general assumption, CPO compensation will be assumed taking into account current guidance, legislation and case law applicable to the individual case.

9. EXPERT WITNESS ADVICE

9.1 If a matter proceeds either to an expert, arbitration, inquiry, court or any other additional judicial body ("the Third Party"), an additional fee to cover the preparation for and attendance at contentious hearings is chargeable. This fee will normally be agreed with the client beforehand and, where time allows, confirmed in writing. At that stage our duty is then to the Third Party, rather than the client and the overall fee basis has to reflect this duty. Therefore, the fee basis can no longer normally be on an incentive, or contingency basis. Finally, Expert Witness advice is in part governed by the RICS "Surveyors Acting as Expert Witnesses: RICS Practice Statement", and on request we will supply you with a copy.

10. AGENCY ADVICE

10.1 In providing agency advice, we will rely on the following assumptions and representations unless notified by the Client to the contrary.

10.1.1 All information provided the Client, the Client's professional advisor's, Local Authorities, other statutory bodies and investigating agents regarding the property is complete and correct. We must be advised by the Client to meet if there are any inaccuracies or changes in property information supplied to us to comply with the Property Misdescriptions Act 1991.

10.1.2 The property is free from any onerous or unusual covenants, wayleaves and other restrictions or liabilities, which may affect the marketability of the property.

10.1.3 The property complies with all statutory requirements.

10.1.4 The property has been constructed and is occupied in accordance with valid planning and building regulation approval.

10.1.5 The property is not contaminated.

10.2 The LLP will have no management liability, or responsibility for the property, unless separately agreed. In particular, the Client will be responsible for the security and insurance arrangements of the property and will be responsible for the maintenance and repair, or for any damage to the property while unoccupied. The Client is advised to take preventative action to protect the property from adverse weather conditions and for securing the property.

10.3 We may hold keys to the property, and these may be loaned out to prospective tenants/purchasers. We accept no responsibility for the actions of any third parties, including prospective tenants/purchasers.

10.4 Any marketing report produced by us should not be construed, or relied upon as a valuation. The information contained in such a report may not have been prepared in accordance with The RICS Valuation – Global Standards 2017.

10.5 Finally, under the Estates Agent Act 1979, we must disclose to any interested party, any personal interest. If the Client becomes aware of any such interest, we should be informed immediately.

APPENDIX 2

MONTAGU EVANS LLP - TERMS OF BUSINESS

CLIENT: Heylo Housing
PROPERTY: Annual Reval – 98 Affordable Housing Units (HHSB)
INSTRUCTION: Valuation
DATE: 31st October 2019

1. INTRODUCTION

1.1 These terms of business apply to Montagu Evans LLP subsequently referred to as “the LLP” which has been instructed by the Client (as defined above) to render services for it as defined above under Job Instructions. Payment for those services will be due to the LLP, which is duly authorised to give a good and valid receipt for invoices for services supplied by it.

1.2 A UK limited liability partnership is a body corporate that has “members” and not “partners”. However, it is more usual for senior professionals to be referred to as “partners” and our members have decided they prefer to retain the traditional title of “partner”. Therefore, when we refer in these terms of business, or otherwise in the course of your dealings with us, to a person being a “partner”, that title means the person is a member of the LLP. The contract is subject to English Law, and will be interpreted in accordance therewith.

2. TERMS APPLICABLE TO THE CONTRACT

2.1 The Client is deemed to have accepted the Terms of Business of the LLP upon confirmation, either by the Client requesting the LLP to undertake the Instructions as set out above, or upon the LLP undertaking the Instructions as set out above. In the event that the Client subsequently withdraws the instructions to the LLP, the LLP shall be entitled to recover from the Client all reasonable disbursements and properly authorised expenses, if any, which have been incurred by the LLP.

2.2 We may decide to stop acting for you only with good reason. For example, if you do not pay an interim bill, or you give us instructions to proceed which conflict with our rules of professional conduct. We will notify you of any such decision. Further, we may assign the benefit of these Terms of Business to any partnership, or corporate entity that carries on the business of the LLP in succession to us. You will accept the performance of such assignee of the Terms of Business in substitution for the LLP.

3. CHARGES & PAYMENT

3.1 The LLP's fees and commission will be subject to applicable VAT and are as detailed in our letter to you of the same date as these Terms of Business. Unless stated otherwise in our letter, the Client will also indemnify the LLP against all reasonable disbursements, subsistence and travelling expenses as and when incurred. If work should prove abortive as a result of a Client's decision not to proceed, or as a result of extenuating circumstances outside the control of the Client or the LLP, abortive fees may be charged at 50% of the total fee level, or based on the hours spent and the hourly rates agreed at the time of the instruction.

3.2 The LLP will normally invoice for remuneration when the work is completed, or based upon the hours spent at the hourly rate agreed at the time of the instruction at which time we will send you a final invoice. Completion is defined as follows: -

- 3.2.1 Agency work - on possession, or legally binding agreement.
- 3.2.2 Rent reviews & lease renewals - on agreement of terms.
- 3.2.3 Valuation work – on receipt of our final report.
- 3.2.4 Other work – As defined in the attached letter.

3.3 An invoice submitted shall include in addition, expenses (where properly incurred) payable and applicable VAT on the total amount. Further, the invoice will deem to be agreed, unless the Client contests it within 28 days. Invoices are due for payment within 30

days and interest will be charged on late payment of invoices.

3.4 In the event that the LLP agrees to place orders for advice from counsel, approved marketing, advertising or planning fees, the LLP will invoice the Client for these as and when the LLP incurs those costs. Further, we will send you an interim bill for our services and expenses at appropriate intervals while the work is in progress.

4. EXCLUSIONS AND LIMITATIONS ON OUR LIABILITY

4.1 There is a risk that we will be prejudiced by a limitation or exclusion of liability which you agree with any other person (for example, another advisor) in connection with a matter in which we are advising you. This is because such a limitation or exclusion of liability might also operate to limit the amount which we could recover from that other person by way of contribution if we were required to pay you more than our proper share of the liability. Accordingly, in order that our position is not adversely affected by any limitation or exclusion of another person's liability, you agree that we will not be liable to you for any amount which we would have been able to recover from that other person by way of indemnity, contribution or otherwise but are unable to recover because you agreed, or are treated as having agreed, with them any limitation or exclusion on their liability.

4.2 You accept that we have an interest in limiting the personal liability and exposure to litigation of employees, consultants and partners. Having regard to that interest you accept that we are a limited liability entity and agree that you will not bring any claim personally against any individual employees, consultants or partners in respect of losses which you suffer or incur, directly or indirectly, in connection with our services. The provisions of this paragraph will not limit or exclude the liability of the LLP for the acts or omissions of our employees, consultants or partners. The provisions of this paragraph are intended for the benefit of our employees, consultants and partners provided that these Terms of Business may be varied from time to time, or terminated without the consent of all, or any of those persons.

5. OTHER CONDITIONS

5.1 A copy of our Complaints Procedure is available on request, however under professional regulations this Procedure does not apply where the job relates to Expert Witness advice.

5.2 We are required by data protection legislation to obtain your consent for processing information about you and your colleagues. We will process this information solely for the purposes of providing services to you. In addition, we may send you brochures and updates from time to time concerning the LLP and may invite you to conferences, or social events. Please let us know if you do not wish us to process information about you and your colleagues for these additional purposes. We will keep files and other papers relating to your matters for a reasonable period, after which we may dispose of them without notice to you.

5.3 We may be required by statutory and other legal requirements to disclose information to governmental or other regulatory authorities. In particular you should be aware that under anti-money laundering legislation we may be obliged to notify the National Criminal Intelligence Service if we know, or suspect, or have reasonable grounds for suspecting that you, or another person, is using the proceeds of crime. You should be aware that in those circumstances we might be precluded from seeking your consent, or informing you that we have made a notification, or disclosure.

6. VALUATION ADVICE

6.1 The property/properties will be valued in accordance with the Royal Institution of Chartered Surveyors ("RICS") requirements as set out in the current edition of The RICS Valuation – Professional Standards (Global and UK).

6.2 Our report and valuation advice will be prepared for the Client, or its Bank, as stated in the letter of the same date. Further, the following are also stated in that letter: -

- 6.2.1 Purpose of valuation.
- 6.2.2 Property, (or properties) and their type.
- 6.2.3 Interest(s) to be valued.
- 6.2.4 Date of valuation.
- 6.2.5 Any special assumptions, or special instructions
- 6.2.6 Whether we are acting as an independent or external valuer.

6.3 Neither the whole nor any part of our report and valuation, nor any reference thereto may be included in any published document, circular or statement, or published in any way without our written approval which may specify the form and context in which it may appear.

6.4 Our valuation is prepared in accordance with the definition of market value as set out in The RICS Professional Standards and we set out the definition below

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."

Market Value is stated after the deduction of purchaser's costs including stamp duty at the prevailing rate.

6.5 Our valuation is prepared in accordance with the definition of market rent as set out in The RICS Professional Standards - and we set out the definition below:

Market Rent: "The estimated amount for which a property would 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"

6.6 We will rely upon information supplied to us by you, or your Solicitors in relation to the legal title and the terms of the occupational leases.

6.7 In addition, where it necessary to rely upon information provided by Local Authorities and Central Government Departments, informal enquiries only will be made and our advice will take into account information revealed as a result of such enquiries.

6.8 We will not carry out a building survey of the property, or a test of the building's services but will reflect in our valuation any defects, or items of disrepair noted during the course of our inspection, or brought to our attention. Our valuation is on the assumption that no high alumina cement or other deleterious materials have been used in the construction or alteration of the premises.

6.9 Our report is prepared on the assumption that no contamination exists and specifically excludes any contamination, unless instructed otherwise.

7 RENT REVIEW & LEASE RENEWAL ADVICE

7.1 The client is to be responsible for instructions to his Solicitors for the preparation of serving any notices within prescribed times, which are required under the terms of the lease, or relevant statutes.

8 CPO ADVICE

8.1 The advice will be given in accordance with the basis of assumptions, terms and conditions agreed with you, and your other

professional advisors, on a case by case basis. As a general assumption, CPO compensation will be assumed taking into account current guidance, legislation and case law applicable to the individual case.

9 EXPERT WITNESS ADVICE

9.1 If a matter proceeds either to an expert, arbitration, inquiry, court or any other additional judicial body ("the Third Party"), an additional fee to cover the preparation for and attendance at contentious hearings is chargeable. This fee will normally be agreed with the client beforehand and, where time allows, confirmed in writing. At that stage our duty is then to the Third Party, rather than the client and the overall fee basis has to reflect this duty. Therefore, the fee basis can no longer normally be on an incentive, or contingency basis. Finally, Expert Witness advice is in part governed by the RICS "Surveyors Acting as expert witnesses: RICS Practice Statement", and on request we will supply you with a copy.

10 AGENCY ADVICE

10.1 In providing agency advice, we will rely on the following assumptions and representations unless notified by the Client to the contrary.

10.1.1 All information provided the Client, the Client's professional advisor's, Local Authorities, other statutory bodies and investigating agents regarding the property is complete and correct. We must be advised by the Client to meet if there are any inaccuracies or changes in property information supplied to us to comply with the Property Misdescriptions Act 1991.

10.1.2 The property is free from any onerous or unusual covenants, wayleaves and other restrictions or liabilities, which may affect the marketability of the property.

10.1.3 The property complies with all statutory requirements.

10.1.4 The property has been constructed and is occupied in accordance with valid planning and building regulation approval.

10.1.5 The property is not contaminated.

10.2 The LLP will have no management liability, or responsibility for the property, unless separately agreed. In particular, the Client will be responsible for the security and insurance arrangements of the property and will be responsible for the maintenance and repair, or for any damage to the property while unoccupied. The Client is advised to take preventative action to protect the property from adverse weather conditions and for securing the property.

10.3 We may hold keys to the property, and these may be loaned out to prospective tenants/purchasers. We accept no responsibility for the actions of any third parties, including prospective tenants/purchasers.

10.4 Any marketing report produced by us should not be construed, or relied upon as a valuation. The information contained in such a report may not have been prepared in accordance with The RICS Valuation Standards – Global and UK.

10.5 Finally, under the Estates Agent Act 1979, we must disclose to any interested party, any personal interest. If the Client becomes aware of any such interest, we should be informed immediately.

APPENDIX 3

Reference	Estate	Address	Property Type	Lease Type	Product Type	LH %	Heylo %	Next Review Date	Rent Review	Current Annual Rent	Current Market Value
P002714	Edwalton Fields (HHSB)	18 Crocus Gardens Edwalton Nottinghamshire NG12 4HW	House	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£4,104.12	£296,995.00
P002819	Little Morton (HHSB)	1 Bosworth Avenue Hillmorton Rugby Warwickshire CV22 5SE	House	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£3,855.36	£278,995.00
P002821	Little Morton (HHSB)	3 Bosworth Avenue Hillmorton Rugby Warwickshire CV22 5SE	House	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£3,855.36	£278,995.00
P002900	Northstowe (HHSB)	2 Duck Hook Walk Northstowe Cambridgeshire CB24 1BA	House	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£5,251.20	£380,000.00
P002901	Northstowe (HHSB)	3 Duck Hook Walk Northstowe Cambridgeshire CB24 1BA	House	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£5,251.20	£380,000.00
P002903	Northstowe (HHSB)	5 Duck Hook Walk Northstowe Cambridgeshire CB24 1BA	House	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£5,251.20	£380,000.00
P002905	Northstowe (HHSB)	7 Duck Hook Walk Northstowe Cambridgeshire CB24 1BA	House	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£5,251.20	£380,000.00
P002906	Northstowe (HHSB)	8 Duck Hook Walk Northstowe Cambridgeshire CB24 1BA	House	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£5,251.20	£380,000.00
P002908	Northstowe (HHSB)	10 Duck Hook Walk Northstowe Cambridgeshire CB24 1BA	House	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£4,974.72	£360,000.00
P002909	Northstowe (HHSB)	11 Duck Hook Walk Northstowe Cambridgeshire CB24 1BA	House	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£4,974.72	£360,000.00
P002928	Paragon at Great Kneighton (HHSB)	60 Hobson Avenue Trumpington Cambridgeshire CB2 9BE	Purpose Built Flat	Owned and on the market	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£0.00	£328,750.00
P002929	Paragon at Great Kneighton (HHSB)	62 Hobson Avenue Trumpington Cambridgeshire CB2 9BE	Purpose Built Flat	Owned and on the market	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£0.00	£328,750.00
P002931	Paragon at Great Kneighton (HHSB)	66 Hobson Avenue Trumpington Cambridgeshire CB2 9BE	Purpose Built Flat	Shared Ownership	Home Reach	40.00%	60.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£6,765.00	£410,000.00
P002932	Paragon at Great Kneighton (HHSB)	68 Hobson Avenue Trumpington Cambridgeshire CB2 9BE	Purpose Built Flat	Owned and on the market	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£0.00	£328,750.00
P002933	Paragon at Great Kneighton (HHSB)	70 Hobson Avenue Trumpington Cambridgeshire CB2 9BE	Purpose Built Flat	Owned and on the market	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£0.00	£328,750.00
P002936	Paragon at Great Kneighton (HHSB)	76 Hobson Avenue Trumpington Cambridgeshire CB2 9BE	Purpose Built Flat	Shared Ownership	Home Reach	30.00%	70.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£8,085.00	£420,000.00
P002952	Ribbons Park (HHSB)	7 George Elliston Road Ipswich Suffolk IP3 8XJ	House	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£4,629.24	£334,995.00
P003053	Warwick Gate (HHSB)	52 Palmer Crescent Warwick Warwickshire CV34 7BD	House	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£4,145.52	£299,995.00
P003054	Warwick Gate (HHSB)	54 Palmer Crescent Warwick Warwickshire CV34 7BD	House	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£4,352.76	£314,995.00
P003055	Warwick Gate (HHSB)	14 Taylor Way Warwick Warwickshire CV34 7BJ	House	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£4,352.76	£314,995.00
P003056	Warwick Gate (HHSB)	16 Taylor Way Warwick Warwickshire CV34 7BJ	House	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£4,352.76	£314,995.00
P003084	Woodland Park (HHSB)	40 Falcon Crescent Costessey Norfolk NR8 5GW	House	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£3,123.00	£226,000.00
P003085	Woodland Park (HHSB)	42 Falcon Crescent Costessey Norfolk NR8 5GW	House	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£3,123.00	£226,000.00
P003394	Pear Tree Meadows (HHSB)	3 Falcon Way Nantwich CW5 5XS	House	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£3,109.20	£224,995.00
P003399	Pear Tree Meadows (HHSB)	13 Falcon Way Nantwich CW5 5XS	House	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£3,109.20	£224,995.00
P003594	Bluebell Rise (HHSB)	39 Peregrine Square Brayton North Yorkshire YO8 9SG	Detached	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£2,763.12	£199,950.00
P003945	The Beeches (HHSB)	19 Fenton Drive West Ayton Yorkshire YO13 9GY	Detached	Shared Ownership	Home Reach	75.00%	25.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£1,208.76	£174,950.00
P003946	The Beeches (HHSB)	21 Fenton Drive West Ayton Yorkshire YO13 9GY	Detached	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£2,417.52	£174,950.00
P003958	Brampton Park (HHSB)	19 Griffon Road Brampton Cumbria PE28 4QP	House	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£4,145.52	£299,995.00
P003971	Brompton Fold (HHSB)	81 Brompton Drive Apperley Bridge West Yorkshire BD10 0DW	Terraced	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£2,694.00	£194,950.00
P003973	Brompton Fold (HHSB)	89 Brompton Drive Apperley Bridge West Yorkshire BD10 0DW	Terraced	Shared Ownership	Home Reach	65.00%	35.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£1,813.68	£187,500.00
P003974	Brompton Fold (HHSB)	91 Brompton Drive Apperley Bridge West Yorkshire BD10 0DW	Terraced	Shared Ownership	Home Reach	60.00%	40.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£2,155.08	£194,950.00
P004558	Coastal Dunes (HHSB)	55 Ashworth Road Lytham St Annes FY8 2FU	Detached	Shared Ownership	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£4,228.08	£204,995.00
P004559	Coastal Dunes (HHSB)	59 Ashworth Road Lytham St Annes Lancashire FY8 2FU	Detached	Shared Ownership	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£4,537.50	£220,000.00
P004560	Coastal Dunes (HHSB)	69 Ashworth Road Lytham St Annes FY8 2FU	House	SSTC	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£0.00	£227,995.00
P004561	Coastal Dunes (HHSB)	75 Ashworth Road Lytham St Annes FY8 2FU	Detached	Shared Ownership	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£4,702.44	£227,995.00
P004562	Coastal Dunes (HHSB)	102 Ashworth Road Lytham St Annes FY8 2FW	House	Shared Ownership	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£4,537.56	£220,000.00
P004563	Coastal Dunes (HHSB)	104 Ashworth Road Lytham St Annes FY8 2FW	House	Owned and on the market	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£0.00	£199,950.00
P004564	Coastal Dunes (HHSB)	12 Kershaw Close Lytham St Annes FY8 2FT	House	SSTC	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£0.00	£219,995.00
P004565	St Georges Walk (HHSB)	70 St Georges Quay Lancaster LA1 5JU	House	SSTC	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£0.00	£209,995.00
P004566	St Georges Walk (HHSB)	71 St Georges Quay Lancaster LA1 5JU	Mid Terrace	Shared Ownership	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£4,228.02	£204,995.00
P004567	St Georges Walk (HHSB)	72 St Georges Quay Lancaster LA1 5JU	House	Owned and on the market	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£0.00	£204,995.00
P004568	St Georges Walk (HHSB)	73 St Georges Quay Lancaster Lancashire LA1 5JU	End Terrace	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£2,887.44	£209,995.00
P004569	St Georges Walk (HHSB)	75 St Georges Quay Lancaster LA1 5JU	House	Shared Ownership	Home Reach	35.00%	65.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£3,753.72	£209,995.00
P004570	St Georges Walk (HHSB)	76 St Georges Quay Lancaster Lancashire LA1 5JU	Mid Terrace	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£2,818.68	£204,995.00
P004571	St Georges Walk (HHSB)	77 St Georges Quay Lancaster Lancashire LA1 5JU	Mid Terrace	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£2,818.68	£204,995.00
P004572	St Georges Walk (HHSB)	16 William Priestly Park Lancaster LA1 5WD	Detached	Shared Ownership	Home Reach	45.00%	55.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£3,629.88	£239,995.00
P004573	Brackenleigh (HHSB)	27 Bleaberry Way Carlisle Cumbria CA2 6RF	End Terrace	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£1,787.43	£129,995.00
P004574	Brackenleigh (HHSB)	29 Bleaberry Way Carlisle Cumbria CA2 6RF	House	SSTC	Home Reach	35.00%	65.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£0.00	£127,995.00
P004575	Brackenleigh (HHSB)	31 Bleaberry Way Carlisle Cumbria CA2 6RF	House	Owned and on the market	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£0.00	£127,995.00
P004576	Brackenleigh (HHSB)	33 Bleaberry Way Carlisle Cumbria CA2 6RF	House	SSTC	Home Reach	65.00%	35.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£0.00	£129,995.00
P004577	Brackenleigh (HHSB)	49 Bleaberry Way Carlisle Cumbria CA2 6RF	House	SSTC	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£0.00	£134,995.00
P004578	Brackenleigh (HHSB)	88 Glaramara Drive Carlisle Cumbria CA2 6RD	House	Shared Ownership	Home Reach	33.00%	67.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£4,053.36	£219,995.00
P004579	Brackenleigh (HHSB)	90 Glaramara Drive Carlisle Cumbria CA2 6RD	Detached	Shared Ownership	Home Reach	32.00%	68.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£4,113.96	£219,995.00
P004580	Brackenleigh (HHSB)	92 Glaramara Drive Carlisle Cumbria CA2 6RD	Mid Terrace	Shared Ownership	Home Reach	69.00%	31.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£1,338.38	£156,995.00
P004581	Brackenleigh (HHSB)	94 Glaramara Drive Carlisle Cumbria CA2 6RD	House	Shared Ownership	Home Reach	75.00%	25.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£1,079.40	£156,995.00
P004582	Tarraby View (HHSB)	4 Raisbeck Close Carlisle Cumbria CA3 0FN	Detached	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£3,162.48	£229,995.00
P004583	Tarraby View (HHSB)	6 Raisbeck Close Carlisle Cumbria CA3 0FN	House	Owned and on the market	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£0.00	£179,995.00
P004584	Tarraby View (HHSB)	12 Raisbeck Close Carlisle Cumbria CA3 0FN	House	SSTC	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£0.00	£207,995.00
P004585	Tarraby View (HHSB)	22 Raisbeck Close Carlisle Cumbria CA3 0FN	House	Shared Ownership	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£3,650.52	£176,995.00
P004586	Tarraby View (HHSB)	24 Raisbeck Close Carlisle Cumbria CA3 0FN	House	Owned and on the market	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£0.00	£207,995.00
P004587	Tarraby View (HHSB)	26 Raisbeck Close Carlisle Cumbria CA3 0FN	House	SSTC	Home Reach	50.00%	50.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£0.00	£187,995.00
P004588	Speckled Wood (HHSB)	1 Copper Way Carlisle Cumbria CA1 3RF	House	Owned and on the market	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£0.00	£199,995.00
P004589	Speckled Wood (HHSB)	3 Hollyblue Drive Carlisle Cumbria CA1 3RE	House	Owned and on the market	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£0.00	£184,995.00
P004590	Speckled Wood (HHSB)	11 Hollyblue Drive Carlisle Cumbria CA1 3RE	House	Owned and on the market	Home Reach	25.00%	75.00%	01/04/2020	RPI + 0.5% (Sep - Sep)	£0.00	£182,995.00

P004591	Speckled Wood (HHSB)	13 Hollyblue Drive Carlisle Cumbria CA1 3RE	House	Owned and on the market	Home Reach	25.00%	75.00%	01/04/2020 RPI + 0.5% (Sep - Sep)	£0.00	£182,995.00
P004592	Speckled Wood (HHSB)	23 Hollyblue Drive Carlisle Cumbria CA1 3RE	House	Owned and on the market	Home Reach	25.00%	75.00%	01/04/2020 RPI + 0.5% (Sep - Sep)	£0.00	£179,995.00
P004593	Speckled Wood (HHSB)	30 Hollyblue Drive Carlisle Cumbria CA1 3RE	House	SSTC	Home Reach	50.00%	50.00%	01/04/2020 RPI + 0.5% (Sep - Sep)	£0.00	£195,995.00
P004594	Speckled Wood (HHSB)	37 Hollyblue Drive Carlisle Cumbria CA1 3RE	House	SSTC	Home Reach	50.00%	50.00%	01/04/2020 RPI + 0.5% (Sep - Sep)	£0.00	£207,995.00
P004595	Speckled Wood (HHSB)	26 Sewell Lane Carlisle Cumbria CA1 3UA	House	Owned and on the market	Home Reach	25.00%	75.00%	01/04/2020 RPI + 0.5% (Sep - Sep)	£0.00	£147,995.00
P004596	Speckled Wood (HHSB)	44 Sewell Lane Carlisle Cumbria CA1 3UA	Semi Detached	Shared Ownership	Home Reach	50.00%	50.00%	01/04/2020 RPI + 0.5% (Sep - Sep)	£2,034.93	£147,995.00
P004597	Speckled Wood (HHSB)	46 Sewell Lane Carlisle Cumbria CA1 3UA	House	Owned and on the market	Home Reach	25.00%	75.00%	01/04/2020 RPI + 0.5% (Sep - Sep)	£0.00	£144,995.00
P004598	Speckled Wood (HHSB)	48 Sewell Lane Carlisle Cumbria CA1 3UA	House	SSTC	Home Reach	25.00%	75.00%	01/04/2020 RPI + 0.5% (Sep - Sep)	£0.00	£147,995.00
P004599	Speckled Wood (HHSB)	39 Speckled Wood Drive Carlisle Cumbria CA1 3RD	House	SSTC	Home Reach	35.00%	65.00%	01/04/2020 RPI + 0.5% (Sep - Sep)	£0.00	£204,995.00
P004600	Carleton Meadows (HHSB)	12 Tulip Gardens Penrith Cumbria CA11 8BY	House	SSTC	Home Reach	25.00%	75.00%	01/04/2020 RPI + 0.5% (Sep - Sep)	£0.00	£256,995.00
P004601	Carleton Meadows (HHSB)	14 Tulip Gardens Penrith Cumbria CA11 8BY	House	SSTC	Home Reach	40.00%	60.00%	01/04/2020 RPI + 0.5% (Sep - Sep)	£0.00	£257,995.00
P004602	Carleton Meadows (HHSB)	25 Tulip Gardens Penrith Cumbria CA11 8EQ	Detached	Shared Ownership	Home Reach	25.00%	75.00%	01/04/2020 RPI + 0.5% (Sep - Sep)	£5,156.16	£249,996.00
P004520	Your Home (SE, HHSB)	21 Lingfield Stacey Buses Milton Keynes Buckinghamshire MK12 6HB	Detached	Shared Ownership (YH)	Your Home	45.00%	55.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£7,180.56	£265,000.00
P004521	Your Home (East, HHSB)	19 The Orchards Longfield Road Tring Hertfordshire HP23 4DZ	Purpose Built Flat	Shared Ownership (YH)	Your Home	57.00%	43.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£4,978.32	£235,000.00
P004638	Your Home (East Midlands, HHSB)	51 Langham Road Wellingborough Northamptonshire NN9 6LB	Semi Detached	Shared Ownership (YH)	Your Home	22.00%	78.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£10,183.44	£265,000.00
P004717	Your Home (NW, HHSB)	18 Waters Edge Middleton Manchester M24 2US	Semi Detached	Shared Ownership (YH)	Your Home	10.00%	90.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£8,141.88	£185,000.00
P004763	Your Home (SE, HHSB)	36 Magenta Close Milton Keynes Buckinghamshire MK2 3ND	Mid Terrace	Shared Ownership (YH)	Your Home	25.00%	75.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£7,335.00	£200,000.00
P004797	Your Home (Yorkshire and the Humber, HHSB)	17 Gardeners Walk Skelmanthorpe Yorkshire HD8 9GP	End Terrace	Shared Ownership (YH)	Your Home	50.00%	50.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£2,909.52	£119,000.00
P004798	Your Home (SE, HHSB)	6 Tokio Road Portsmouth PO3 5AT	Mid Terrace	Shared Ownership (YH)	Your Home	30.00%	70.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£6,401.04	£187,000.00
P004811	Your Home (SE, HHSB)	16 Bridefield Crescent Waterlooville Hampshire PO8 8QY	Semi Detached	Shared Ownership (YH)	Your Home	60.00%	40.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£4,890.00	£250,000.00
P004834	Your Home (SE, HHSB)	21 Courtlands Haywards Heath West Sussex RH16 4JD	Mid Terrace	Shared Ownership (YH)	Your Home	10.00%	90.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£15,843.60	£360,000.00
P004904	Your Home (SE, HHSB)	11 Sherwood Walk Furnace Green Crawley West Sussex RH10 6NQ	End Terrace	Shared Ownership (YH)	Your Home	26.00%	74.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£12,213.24	£335,000.00
P004905	Your Home (SW, HHSB)	3 Beare Cottages Beare Square Beare, Broadclyst Exeter EX5 3JZ	Semi Detached	Shared Ownership (YH)	Your Home	10.00%	90.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£8,868.00	£200,000.00
P004906	Your Home (London, HHSB)	58 Kilmartin Avenue Norbury London SW16 4QZ	Mid Terrace	Shared Ownership (YH)	Your Home	10.00%	90.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£19,287.96	£435,000.00
P004907	Your Home (Wales, HHSB)	6 The Gardens Ynysddu Newport NP11 7LN	Semi Detached	Shared Ownership (YH)	Your Home	42.00%	58.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£3,714.72	£130,000.00
P004908	Your Home (SE, HHSB)	4 Statham Court Binfield, Bracknell Berkshire RG42 1FS	Semi Detached	Shared Ownership (YH)	Your Home	45.00%	55.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£8,670.96	£320,000.00
P004909	Your Home (London, HHSB)	127 Pollards Hill South Norbury London SW16 4LS	Detached	Shared Ownership (YH)	Your Home	21.00%	79.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£26,271.48	£675,000.00
P004910	Your Home (SE, HHSB)	5 Chalford Way Aylesbury Buckinghamshire HP19 7HA	Mid Terrace	Shared Ownership (YH)	Your Home	65.00%	35.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£5,000.52	£290,000.00
P004911	Your Home (SW, HHSB)	Harry Hill View Morse Lane Drybrook Gloucester GL17 9AD	Detached	Shared Ownership (YH)	Your Home	50.00%	50.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£4,064.52	£165,000.00
P004912	Your Home (SW, HHSB)	7 Cinders Crescent Cinderford Gloucestershire GL14 2GB	Mid Terrace	Shared Ownership (YH)	Your Home	10.00%	90.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£7,041.60	£160,000.00
P006238	Your Home (East, HHSB)	146 Winstree Road Colchester Essex CO3 0QF	Mid Terrace	Shared Ownership (YH)	Your Home	14.00%	86.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£15,139.44	£360,000.00
P006241	Your Home (East, HHSB)	21 Evans Court Halstead Essex CO9 2GE	Mid Terrace	Shared Ownership (YH)	Your Home	10.00%	90.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£12,982.92	£295,000.00
tbc	Your Home (SW, HHSB)	16 Elizabeth Avenue Dorset BH23 2DW		Shared Ownership (YH)	Your Home	63.00%	37.00%	01/04/2020 RPI + 0.75% (Sep - Sep)	£6,088.29	£336,500.00

APPENDIX 4

Home Reach - 77 Units
 HEYLO HOUSING LIMITED PORTFOLIO - Annual Reval October 2019



Total Number of Units	77
No. of Shared Ownership	
No. of Social Rent	
No. of Your Home	
No. of Market Rent	
No. of Long Leasehold	

Portfolio EUV-SH:	£ 13,316,529
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Discount Rate	5.00%	5.50%
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Calculation		
NPV	£ 8,760,601	£ 4,555,927
Home Reach NPV		£ 13,316,529
Your Home NPV		£ 5,016,868
Total NPV	£ 19,233,397	

Year	Shared Ownership				
	Rent (RPI + 0.5%)	% Retained	Rent Retained	LL's Share of OMV	Staircasing Receipts
1	£ 288,842	100%	£ 288,839	£ 10,848,928	£ 108,490
2	£ 308,895	99%	£ 293,574	£ 11,223,820	£ 112,238
3	£ 319,286	98%	£ 300,385	£ 11,611,603	£ 116,116
4	£ 330,027	97%	£ 307,321	£ 12,012,784	£ 120,128
5	£ 341,129	96%	£ 314,384	£ 12,427,826	£ 124,278
6	£ 352,604	95%	£ 321,575	£ 12,857,207	£ 128,572
7	£ 364,465	94%	£ 328,893	£ 13,301,424	£ 133,014
8	£ 376,726	93%	£ 336,341	£ 13,760,988	£ 137,610
9	£ 389,398	92%	£ 343,917	£ 14,236,430	£ 142,364
10	£ 402,497	91%	£ 351,622	£ 14,728,299	£ 147,293
11	£ 416,037	90%	£ 359,456	£ 15,237,161	£ 152,372
12	£ 430,032	89%	£ 367,420	£ 15,763,605	£ 157,636
13	£ 444,498	88%	£ 375,512	£ 16,308,238	£ 163,082
14	£ 459,451	87%	£ 383,733	£ 16,871,867	£ 168,717
15	£ 474,906	86%	£ 392,083	£ 17,454,604	£ 174,546
16	£ 490,882	85%	£ 400,560	£ 18,057,661	£ 180,577
17	£ 507,395	84%	£ 409,163	£ 18,681,553	£ 186,816
18	£ 524,463	83%	£ 417,892	£ 19,327,001	£ 193,270
19	£ 542,106	82%	£ 426,745	£ 19,994,749	£ 199,947
20	£ 560,342	81%	£ 435,722	£ 20,685,567	£ 206,856
21	£ 579,191	80%	£ 444,819	£ 21,400,253	£ 214,003
22	£ 598,674	79%	£ 454,035	£ 22,139,618	£ 221,396
23	£ 618,813	78%	£ 463,367	£ 22,904,557	£ 229,046
24	£ 639,630	77%	£ 472,814	£ 23,695,909	£ 236,959
25	£ 661,146	76%	£ 482,372	£ 24,514,603	£ 245,146
26	£ 683,387	75%	£ 492,039	£ 25,361,582	£ 253,616
27	£ 706,375	74%	£ 501,809	£ 26,237,825	£ 262,378
28	£ 730,137	73%	£ 511,680	£ 27,144,342	£ 271,443
29	£ 754,699	72%	£ 521,648	£ 28,082,179	£ 280,822
30	£ 780,086	71%	£ 531,707	£ 29,052,418	£ 290,234
31	£ 806,328	70%	£ 541,852	£ 30,056,179	£ 300,562
32	£ 833,452	69%	£ 552,078	£ 31,094,620	£ 310,946
33	£ 861,488	68%	£ 562,380	£ 32,168,939	£ 321,689
34	£ 890,468	67%	£ 572,749	£ 33,280,376	£ 332,804
35	£ 920,423	66%	£ 583,180	£ 34,430,215	£ 344,302
36	£ 951,385	65%	£ 593,664	£ 35,619,777	£ 356,198
37	£ 983,389	64%	£ 604,194	£ 36,850,440	£ 368,504
38	£ 1,016,469	63%	£ 614,761	£ 38,123,623	£ 381,236
39	£ 1,050,663	62%	£ 625,334	£ 39,440,794	£ 394,408
40	£ 1,086,006	61%	£ 635,965	£ 40,803,473	£ 408,035
41	£ 1,122,538	60%	£ 646,582	£ 42,213,233	£ 422,132
42	£ 1,160,300	59%	£ 657,194	£ 43,671,701	£ 436,717
43	£ 1,199,331	58%	£ 667,788	£ 45,180,558	£ 451,806
44	£ 1,239,676	57%	£ 678,351	£ 46,741,546	£ 467,415
45	£ 1,281,377	56%	£ 688,869	£ 48,356,467	£ 483,565
46	£ 1,324,482	55%	£ 699,326	£ 50,027,182	£ 500,272
47	£ 1,369,036	54%	£ 709,709	£ 51,755,622	£ 517,556
48	£ 1,415,090	53%	£ 719,998	£ 53,543,778	£ 535,438
49	£ 1,462,692	52%	£ 730,176	£ 55,393,716	£ 553,937
50	£ 1,511,896	51%	£ 740,224	£ 57,307,569	£ 573,076
51	£ 1,562,255	50%	£ 750,122	£ 59,287,545	£ 592,875
52	£ 1,613,725	49%	£ 759,849	£ 61,335,930	£ 613,359
53	£ 1,666,353	48%	£ 769,381	£ 63,455,086	£ 634,551
54	£ 1,720,192	47%	£ 778,694	£ 65,647,460	£ 656,475
55	£ 1,775,285	46%	£ 787,764	£ 67,915,579	£ 679,156
56	£ 1,831,683	45%	£ 796,562	£ 70,262,063	£ 702,621
57	£ 1,900,520	44%	£ 805,061	£ 72,689,617	£ 726,896
58	£ 1,970,034	43%	£ 813,230	£ 75,201,043	£ 752,010
59	£ 2,050,304	42%	£ 821,038	£ 77,799,239	£ 777,992
60	£ 2,140,804	41%	£ 828,451	£ 80,487,203	£ 804,872
61	£ 2,175,608	40%	£ 835,433	£ 83,268,036	£ 832,680
62	£ 2,248,794	39%	£ 841,948	£ 86,144,946	£ 861,449
63	£ 2,324,441	38%	£ 847,956	£ 89,121,254	£ 891,213
64	£ 2,402,634	37%	£ 853,415	£ 92,200,394	£ 922,004
65	£ 2,483,456	36%	£ 858,282	£ 95,385,917	£ 953,859
66	£ 2,566,998	35%	£ 862,511	£ 98,681,501	£ 986,815
67	£ 2,653,249	34%	£ 866,053	£ 102,090,946	£ 1,020,909
68	£ 2,742,296	33%	£ 868,858	£ 105,618,189	£ 1,056,182
69	£ 2,834,165	32%	£ 870,871	£ 109,267,297	£ 1,092,673
70	£ 2,930,228	31%	£ 872,036	£ 113,042,482	£ 1,130,425
71	£ 3,028,798	30%	£ 872,294	£ 116,948,100	£ 1,169,481
72	£ 3,130,685	29%	£ 871,583	£ 120,988,657	£ 1,209,887
73	£ 3,235,998	28%	£ 869,836	£ 125,168,815	£ 1,251,688
74	£ 3,344,855	27%	£ 866,986	£ 129,493,397	£ 1,294,934
75	£ 3,457,373	26%	£ 862,960	£ 133,967,394	£ 1,339,674
76	£ 3,573,676	25%	£ 857,682	£ 138,595,968	£ 1,385,960
77	£ 3,693,892	24%	£ 851,073	£ 143,384,458	£ 1,433,845
78	£ 3,818,151	23%	£ 843,048	£ 148,338,391	£ 1,483,384
79	£ 3,946,591	22%	£ 833,520	£ 153,463,483	£ 1,534,635
80	£ 4,079,351	21%	£ 822,397	£ 158,765,646	£ 1,587,656
81	£ 4,216,577	20%	£ 809,583	£ 164,250,999	£ 1,642,510
82	£ 4,358,419	19%	£ 794,976	£ 169,925,871	£ 1,699,259
83	£ 4,505,033	18%	£ 778,470	£ 175,796,810	£ 1,757,968
84	£ 4,656,579	17%	£ 759,954	£ 181,870,590	£ 1,818,706
85	£ 4,813,222	16%	£ 739,311	£ 188,154,219	£ 1,881,542
86	£ 4,975,135	15%	£ 716,419	£ 194,654,947	£ 1,946,549
87	£ 5,142,495	14%	£ 691,151	£ 201,380,275	£ 2,013,803
88	£ 5,315,484	13%	£ 663,372	£ 208,337,964	£ 2,083,380
89	£ 5,494,293	12%	£ 632,943	£ 215,536,041	£ 2,155,360
90	£ 5,679,117	11%	£ 599,715	£ 222,982,811	£ 2,229,828
91	£ 5,870,158	10%	£ 563,535	£ 230,686,867	£ 2,306,869
92	£ 6,067,625	9%	£ 524,243	£ 238,657,098	£ 2,386,571
93	£ 6,271,735	8%	£ 481,669	£ 246,902,701	£ 2,469,027
94	£ 6,482,711	7%	£ 435,638	£ 255,433,189	£ 2,554,332
95	£ 6,700,784	6%	£ 385,965	£ 264,258,406	£ 2,642,584
96	£ 6,936,193	5%	£ 332,457	£ 273,388,534	£ 2,733,885
97	£ 7,189,185	4%	£ 274,913	£ 282,834,108	£ 2,828,341
98	£ 7,460,014	3%	£ 213,120	£ 292,606,026	£ 2,926,060
99	£ 7,648,945	2%	£ 146,860	£ 302,715,564	£ 3,027,156
100	£ 7,906,249	1%	£ 75,900	£ 313,174,387	£ 3,131,744

Assumptions and Caveats

*We have relied upon information provided to us by HHL in forming our opinion of value.
 *Shared Ownership DCF assumes 100 year cash flow period.
 *Social Rent DCF assumes a 45 year cash flow period
 *We have assumed HPI of 4.5% per annum
 *We have not verified the certainty of the shared ownership net income stream
 *We have assumed all Social Rent units are on an ASTs which is inline with the example HHL provided
 *We have relied upon own own calculated Target Rents in valuing the Social Rent properties
 *The portfolio has been valued on an EUV-SH basis only
 *The figures provided within this document should be read in conjunction with the accompanying report, neither the whole or any part or this advice nor any reference thereto may be included in any published document, circular or statement, or published in any way without our written approval which may specify the form and context in which it might appear.

APPENDIX 5

Total Number of Units	21	Portfolio EUV-SH:	£ 5,916,868
No. of Your Home	21		
Discount Rate	6.00%	6.50%	
Calculation			
NPV	£ 5,515,281	£ 401,587	
Your Home Total NPV		£ 5,916,868	
Home Reach Total NPV		£ 13,316,529	
Total NPV	£ 5,916,868		

Year	Shared Ownership				
	Rent (RPI + 0.75%)	% Unsold Equity Retained	Rent Retained	LL's Share of OMV	Staircasing Receipts
1	£ 197,207	100.00%	£ 189,319	£ 4,016,055	£ 24,096
2	£ 204,011	99.40%	£ 194,675	£ 4,036,868	£ 24,221
3	£ 211,049	98.80%	£ 200,176	£ 4,057,789	£ 24,347
4	£ 218,330	98.20%	£ 205,824	£ 4,078,819	£ 24,473
5	£ 225,863	97.60%	£ 211,624	£ 4,099,957	£ 24,600
6	£ 233,655	97.00%	£ 217,579	£ 4,121,205	£ 24,727
7	£ 241,716	96.40%	£ 223,694	£ 4,142,563	£ 24,855
8	£ 250,055	95.80%	£ 229,971	£ 4,164,032	£ 24,984
9	£ 258,682	95.20%	£ 236,415	£ 4,185,612	£ 25,114
10	£ 267,607	94.60%	£ 243,030	£ 4,207,304	£ 25,244
11	£ 276,839	94.00%	£ 249,820	£ 4,229,109	£ 25,375
12	£ 286,390	93.40%	£ 256,789	£ 4,251,026	£ 25,506
13	£ 296,270	92.80%	£ 263,941	£ 4,273,057	£ 25,638
14	£ 306,492	92.20%	£ 271,282	£ 4,295,202	£ 25,771
15	£ 317,066	91.60%	£ 278,815	£ 4,317,462	£ 25,905
16	£ 328,004	91.00%	£ 286,545	£ 4,339,837	£ 26,039
17	£ 339,321	90.40%	£ 294,476	£ 4,362,328	£ 26,174
18	£ 351,027	89.80%	£ 302,614	£ 4,384,936	£ 26,310
19	£ 363,138	89.20%	£ 310,962	£ 4,407,661	£ 26,446
20	£ 375,666	88.60%	£ 319,526	£ 4,430,504	£ 26,583
21	£ 388,626	88.00%	£ 328,312	£ 4,453,465	£ 26,721
22	£ 402,034	87.40%	£ 337,323	£ 4,476,545	£ 26,859
23	£ 415,904	86.80%	£ 346,565	£ 4,499,745	£ 26,998
24	£ 430,253	86.20%	£ 356,049	£ 4,523,065	£ 27,138
25	£ 445,097	85.60%	£ 365,763	£ 4,546,505	£ 27,279
26	£ 460,452	85.00%	£ 375,729	£ 4,570,068	£ 27,420
27	£ 476,338	84.40%	£ 385,948	£ 4,593,752	£ 27,563
28	£ 492,772	83.80%	£ 396,425	£ 4,617,559	£ 27,705
29	£ 509,772	83.20%	£ 407,165	£ 4,641,490	£ 27,849
30	£ 527,359	82.60%	£ 418,175	£ 4,665,544	£ 27,993
31	£ 545,553	82.00%	£ 429,460	£ 4,689,723	£ 28,138
32	£ 564,375	81.40%	£ 441,025	£ 4,714,028	£ 28,284
33	£ 583,846	80.80%	£ 452,878	£ 4,738,458	£ 28,431
34	£ 603,989	80.20%	£ 465,023	£ 4,763,015	£ 28,578
35	£ 624,826	79.60%	£ 477,467	£ 4,787,700	£ 28,726
36	£ 646,383	79.00%	£ 490,217	£ 4,812,512	£ 28,875
37	£ 668,683	78.40%	£ 503,277	£ 4,837,543	£ 29,025
38	£ 691,752	77.80%	£ 516,656	£ 4,862,523	£ 29,175
39	£ 715,618	77.20%	£ 530,359	£ 4,887,723	£ 29,326
40	£ 740,307	76.60%	£ 544,392	£ 4,913,054	£ 29,478
41	£ 765,847	76.00%	£ 558,762	£ 4,938,515	£ 29,631
42	£ 792,269	75.40%	£ 573,476	£ 4,964,109	£ 29,785
43	£ 819,602	74.80%	£ 588,540	£ 4,989,836	£ 29,939
44	£ 847,879	74.20%	£ 603,961	£ 5,015,696	£ 30,094
45	£ 877,130	73.60%	£ 619,745	£ 5,041,689	£ 30,250
46	£ 907,391	73.00%	£ 635,900	£ 5,067,818	£ 30,407
47	£ 938,696	72.40%	£ 652,431	£ 5,094,082	£ 30,564
48	£ 971,081	71.80%	£ 669,347	£ 5,120,482	£ 30,723
49	£ 1,004,584	71.20%	£ 686,653	£ 5,147,019	£ 30,882
50	£ 1,039,242	70.60%	£ 704,357	£ 5,173,693	£ 31,042
51	£ 1,075,096	70.00%	£ 722,464	£ 5,200,506	£ 31,203
52	£ 1,112,186	69.40%	£ 740,983	£ 5,227,548	£ 31,365
53	£ 1,150,557	68.80%	£ 759,920	£ 5,254,819	£ 31,527
54	£ 1,190,251	68.20%	£ 779,281	£ 5,282,321	£ 31,691
55	£ 1,231,315	67.60%	£ 799,074	£ 5,309,153	£ 31,855
56	£ 1,273,795	67.00%	£ 819,305	£ 5,336,668	£ 32,020
57	£ 1,317,741	66.40%	£ 839,981	£ 5,364,325	£ 32,186
58	£ 1,363,203	65.80%	£ 861,108	£ 5,392,126	£ 32,353
59	£ 1,410,234	65.20%	£ 882,693	£ 5,420,071	£ 32,520
60	£ 1,458,887	64.60%	£ 904,743	£ 5,448,160	£ 32,689
61	£ 1,509,218	64.00%	£ 927,264	£ 5,476,395	£ 32,858
62	£ 1,561,286	63.40%	£ 950,261	£ 5,504,777	£ 33,029
63	£ 1,615,151	62.80%	£ 973,742	£ 5,533,305	£ 33,200
64	£ 1,670,873	62.20%	£ 997,712	£ 5,561,982	£ 33,372
65	£ 1,728,518	61.60%	£ 1,022,177	£ 5,590,807	£ 33,545
66	£ 1,788,152	61.00%	£ 1,047,142	£ 5,619,781	£ 33,719
67	£ 1,849,844	60.40%	£ 1,072,613	£ 5,648,905	£ 33,893
68	£ 1,913,663	59.80%	£ 1,098,596	£ 5,678,181	£ 34,069
69	£ 1,979,685	59.20%	£ 1,125,094	£ 5,707,608	£ 34,246
70	£ 2,047,984	58.60%	£ 1,152,114	£ 5,737,188	£ 34,423
71	£ 2,118,639	58.00%	£ 1,179,658	£ 5,766,921	£ 34,602
72	£ 2,191,732	57.40%	£ 1,207,732	£ 5,796,808	£ 34,781
73	£ 2,267,347	56.80%	£ 1,236,339	£ 5,826,850	£ 34,961
74	£ 2,345,570	56.20%	£ 1,265,482	£ 5,857,047	£ 35,142
75	£ 2,426,493	55.60%	£ 1,295,165	£ 5,887,402	£ 35,324
76	£ 2,510,207	55.00%	£ 1,325,389	£ 5,917,913	£ 35,507
77	£ 2,596,809	54.40%	£ 1,356,157	£ 5,948,583	£ 35,691
78	£ 2,686,399	53.80%	£ 1,387,471	£ 5,979,411	£ 35,876
79	£ 2,779,079	53.20%	£ 1,419,331	£ 6,010,399	£ 36,062
80	£ 2,874,958	52.60%	£ 1,451,739	£ 6,041,548	£ 36,249
81	£ 2,974,144	52.00%	£ 1,484,693	£ 6,072,859	£ 36,437
82	£ 3,076,752	51.40%	£ 1,518,192	£ 6,104,331	£ 36,626
83	£ 3,182,900	50.80%	£ 1,552,236	£ 6,135,967	£ 36,816
84	£ 3,292,710	50.20%	£ 1,586,823	£ 6,167,767	£ 37,007
85	£ 3,406,308	49.60%	£ 1,621,948	£ 6,199,731	£ 37,198
86	£ 3,523,826	49.00%	£ 1,657,608	£ 6,231,861	£ 37,391
87	£ 3,645,398	48.40%	£ 1,693,798	£ 6,264,158	£ 37,585
88	£ 3,771,164	47.80%	£ 1,730,512	£ 6,296,622	£ 37,780
89	£ 3,901,269	47.20%	£ 1,767,743	£ 6,329,254	£ 37,976
90	£ 4,035,863	46.60%	£ 1,805,484	£ 6,362,055	£ 38,172
91	£ 4,175,100	46.00%	£ 1,843,724	£ 6,395,027	£ 38,370
92	£ 4,319,141	45.40%	£ 1,882,454	£ 6,428,169	£ 38,569
93	£ 4,468,151	44.80%	£ 1,921,663	£ 6,461,483	£ 38,769
94	£ 4,622,203	44.20%	£ 1,961,335	£ 6,494,970	£ 38,970
95	£ 4,781,772	43.60%	£ 2,001,459	£ 6,528,630	£ 39,172
96	£ 4,946,743	43.00%	£ 2,042,016	£ 6,562,464	£ 39,375
97	£ 5,117,406	42.40%	£ 2,082,989	£ 6,596,474	£ 39,579
98	£ 5,293,956	41.80%	£ 2,124,359	£ 6,630,661	£ 39,784
99	£ 5,476,598	41.20%	£ 2,166,104	£ 6,665,034	£ 39,990
100	£ 5,665,541	40.60%	£ 2,208,201	£ 6,699,565	£ 40,197

Assumptions and Caveats

- *We have relied upon information provided to us by HHL in forming our opinion of value.
- *RPI assumption of 2.5% per annum plus 0.75% - this is information which has been provided by HHL
- *We have assumed staircasing of 0.6% per annum which is based upon data provided to us by HHL
- *We have assumed HPI of 4.0% per annum
- *We have not verified the certainty of the shared ownership net income stream
- *The portfolio has been valued on an EUV-SH basis only
- *Shared Ownership DCF assumes 100 year cash flow period.

The figures provided within this document should be read in conjunction with the accompanying report. This advice nor any reference thereto may be included in any published document, circular or statement, or published in any way without our written approval which may specify the form and context in which it might appear.

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