

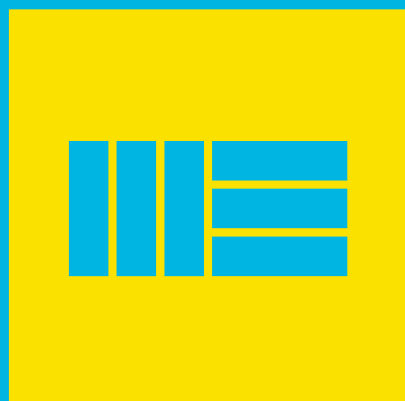
ANNUAL REVALUATION & REPORT

108 AFFORDABLE HOUSING PROPERTIES

PREPARED ON BEHALF OF

HEYLO HOUSING SECURED BOND PLC

21 NOVEMBER 2022



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1. EXECUTIVE SUMMARY

We have been instructed by Heylo to provide a report and valuation in respect of the properties held within Heylo Housing Secured Bond Plc (“HHSB”) as at 30th September 2022. Heylo is the leading provider of shared ownership under the Shared Ownership and Affordable Home Programme (SOAHP) as a registered provider with the Regulator of Social Housing and as an investment Partner with Homes England.

HHSB contains 102 Home Reach units (last year – 99 units) and 6 Your Home units (last year – 7 units). The properties are located across the United Kingdom. A full schedule of accommodation is included at Appendix 3.

Our valuation is prepared in accordance with the requirements of the RICS Valuation – Global Standards which came into effect on 31st January 2022 and the RICS Valuation – Global Standards 2017: UK National Supplement, which came into effect on 14th January 2019. Within these it is defined that the assets should be valued at Existing use Value for Social Housing (“EUV-SH”). We have also provided a supplementary valuation appraising the Market Value with special assumption of Vacant Possession.

MARKET VALUE WITH SPECIAL ASSUMPTION OF VACANT POSSESSION

We have appraised the total unencumbered Market Value of HHSB with special assumption of vacant possession to be **£29,080,000**. Heylo’s share of this based on Shared Ownership is £17,023,850 (58.54%)

EXISTING USE VALUE FOR SOCIAL HOUSING (EUV-SH)

We have been advised by Heylo that the gross annual rent receivable from the Portfolio is £484,887 per annum, which has increased from £469,649 last year due to rental uplifts and the addition of new units to the portfolio. The rent for Home Reach is £428,162 per annum (last year £385,726 per annum) and the rent for Your Home is £56,725 per annum (last year £83,922 per annum).

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. In line with our instructions, we have relied upon this information as being accurate and correct and have not otherwise verified the rent roll of the Portfolio.

Portfolio has been valued using a Discounted Cash Flow (“DCF”) reflecting the average weighted maturity of the occupational leases (as advised by Heylo). We have valued the Home Reach and the Your Home units using separate cash flows reflecting the average weighted maturity of the occupational leases (as advised by Heylo).

The valuations are summarised below and are stated before the deduction of any usual purchaser’s or disposal costs.

ASSET TYPE	30 SEPTEMBER 2021	30 SEPTEMBER 2022	% CHANGE
Home Reach	Units: 99 EUV-SH: £17,648,908	Units: 102 EUV-SH: £18,795,961	Units: +3.03% EUV-SH: +6.50%
Your Home	Units: 7 EUV-SH: £2,142,211	Units: 6 EUV-SH: £1,467,095	Units: -14.29% EUV-SH: -31.51%
TOTAL	UNITS: 106 EUV-SH: £19,791,119	UNITS: 108 EUV-SH: £20,263,057	UNITS: +1.89% VALUE: +2.38%

This executive summary is provided for convenient cross reference, however, must be read in conjunction with the remainder of the report; important issues may not be referenced within the summary and detailed consideration should be given to all areas of the full report. Figures shown above exclude VAT.

2. INTRODUCTION

Montagu Evans' Terms of Engagement for this valuation are set out in Appendix 1 of this report with details discussed below.

ADDRESSEE AND RELIANCE

Our valuation report is prepared for the sole use of Heylo Housing Secured Bond Plc (HHSB). We acknowledge that HHSB 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.

PURPOSE AND DATE OF VALUATION

Our valuation report is prepared in order to provide an external report and valuation setting out our opinion of the Existing Use Value for Social Housing ("EUUV-SH") of the Pod excluding any Assured Shorthold Tenancies as at 30th September 2022. We will also be appraising the Market Value of the pod with the special assumption of Vacant Possession as at 30th September 2022. We are not aware of any conflicts of interest which may arise in respect of this instruction.

BASIS OF VALUATION

Please refer to Section 3 of this report for commentary regarding the basis our valuation. Please also refer to the valuation caveats within our Terms of Engagement (Appendix 1).

INSURANCE AND LIABILITY

We confirm that Montagu Evans LLP holds appropriate professional Indemnity Insurance for a report such as this. A copy of this cover can be provided upon request.

SOURCES OF INFORMATION

Discussed in more detail in Section 4 of this report.

GENERAL ASSUMPTIONS

We outline within the remainder of this report the general assumptions attached to each residential product.

EXTENT OF INVESTIGATIONS

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. However, we have analysed and sensed checked the data.

By agreement with Heylo, the scope of due diligence undertaken by us and providing this valuation report to the above-named party 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.

VALUER RESPONSIBILITY

We confirm that our valuation has been carried out by Chris Ramsden MRICS who is a partner of the firm and an RICS Registered Valuer, together with Eleanor Cook MRICS, a Partner of the firm and an RICS Registered Valuer. Chris and Eleanor have significant experience in the valuation of commercial and residential property across the United Kingdom, which we consider suitable for this instruction.

3. BASIS OF VALUATION

Based on the instructions from HHSB we have had regard to the requirements of the Red Book in the preparation of our valuation and in particular the UK National Supplement.

MARKET VALUE

This year, one of the bases of valuation for the pod is Market Value on the special assumption of Vacant Possession. Market Value is defined within VPS 4 as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

This RICS Red Book states in VPS 4 that a special assumption is made by the Valuer where an assumption either assumes facts that differ from those existing at the valuation date or that would not be made by a typical market participant in a transaction on that valuation date. In the case of this Portfolio the special assumption of Vacant Possession. We note that most of the portfolio is Shared Ownership, but the purpose of this valuation is to establish the underlying freehold.

Where special assumptions are necessary to provide the client with the valuation required, these must be expressly agreed and confirmed in writing to the client before the report is issued. Special assumptions may only be made if they can reasonably be regarded as realistic, relevant and valid for the particular circumstances of the valuation. We consider an assumption of Vacant Possession in respect of the portfolio is reasonable.

EUV-SH

The second and main valuation in this report is Existing Use Value for Social Housing ('EUV-SH'). In accordance with The Red Book UK VPGA 7 (formerly UKVS 1.13) an affordable housing portfolio is to be valued in accordance with the definition of EUV-SH, as follows:

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

- A. a willing seller
- B. that prior to the valuation date there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest for the agreement of the price and terms and for the completion of the sale
- C. that the state of the market, level of values and other circumstances were on any earlier assumed date of exchange of contracts, the same as on the date of valuation
- D. that no account is taken of any additional bid by a prospective purchaser with a special interest
- E. that both parties to the transaction had acted knowledgeably, prudently and without compulsion
- F. that the property will continue to be let by a body pursuant to delivery of a service for the existing use
- G. the vendor would only be able to dispose of the property to organisations intending to manage their housing stock in accordance with the regulatory body’s requirements
- H. that properties temporarily vacant pending re-letting should be valued, if there is a letting demand, on the basis that the prospective purchaser intends to re-let them, rather than with vacant possession and
- I. that any subsequent sale would be subject to all the same assumptions above

EUV-SH is similar to Market Value, with the key difference, as laid out in The Red Book, being an additional assumption reflecting the continued use of the property for social housing. Therefore, any value that may be attributed to a sale of

a property with vacant possession for any use over and above social housing is to be disregarded. Our valuation therefore does not consider the potential for uses other than as social housing.

No allowance will be made for any expenses of realisation, nor for taxation (including VAT) which might arise in the event of a disposal and the property will be considered free and clear of all mortgages or other charges which may be secured thereon.

We acknowledge that Heylo will be reporting the value of its assets in its audited accounts based on our valuation. As HHSB is a listed entity on the London Stock Exchange, we have assumed IFRS applies for this portfolio.

4. 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 data provided to us, including:

- Property Accommodation Schedule – this included
 - a. Property description/type (including bedrooms, tenure),
 - b. Day One 'OMV' for each property,
 - c. Current tenant ownership,
 - d. Tenant's share of ownership,
 - e. Gross annual rent receivable (current and historic), and
 - f. Years remaining on each lease.

Within the data provided, as instructed, the ownerships have been split between

- Your Home: Shared Ownership (YH)
- Home Reach: Owned and on the market, Shared Ownership, Shared Ownership (AHP), Shared Ownership (HB) and Shared Ownership (LS). Please note that there are not any properties subject to Assured Shorthold Tenancies.

NOMINATION AGREEMENTS

We have not had sight of a nomination agreement and have therefore relied upon the Certificates of Title produced by Pinsent Masons LLP. In line with the documentation they have prepared, 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 a desktop basis. We have therefore not conducted an inspection or measured survey of the properties.

CONDITION AND REPAIR

In accordance with our instructions, we have not carried out surveys on the properties to establish the condition. 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 their construction. 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 and have therefore relied upon the Certificates of Title produced by Pinsent Masons LLP. In line with the documentation they have prepared, 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.

In line with the Certificates of Title, 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. LEGAL INTERESTS

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:

- 102 Home Reach units
- 6 Your Home units.

A full schedule of accommodation is included as Appendix 3.

SHARED OWNERSHIP

Shared ownership schemes are owned freehold or long leasehold by landlords. The new Affordable Homes Shared ownership schemes are owned freehold or long leasehold by landlords. The new Affordable Homes Programme (AHP) Shared Ownership lease for potential purchasers is 999 years, replacing 125 years, so there is a blend of leasehold terms in the portfolio.

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 the 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
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 the Homes England's provisions, leaseholders can purchase additional shares of equity.

MANAGEMENT AGREEMENTS

We are informed that all properties are managed in-house by Heylo. Heylo's in-house management team have confirmed that they expect to collect a minimum payment of 96% of the gross rents receivable from the subject properties and have therefore applied this as an assumption within our valuations.

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

Moving forward, as Heylo will continue to manage the properties in-house we consider the in-house management team to be an appropriate service provider.

6. MARKET COMMENTARY

ECONOMIC OVERVIEW

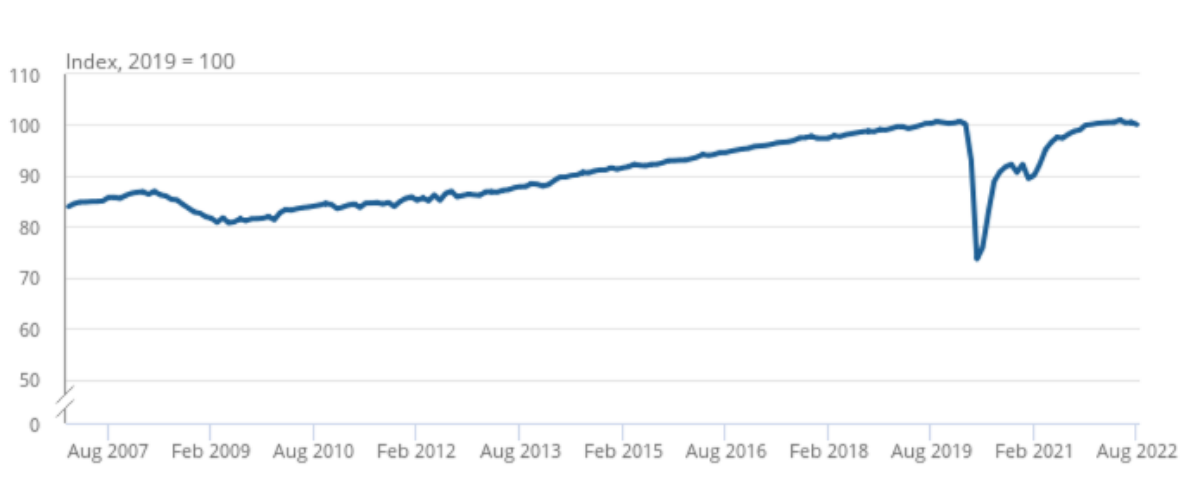
GDP AND INFLATION

UK GDP fell by 0.3% in August 2022, after rising by 0.1% in July 2022. GDP also fell by 0.3% in the three months to August compared with the previous three months. We summarise the main sector contributions in August 2022 below:

- Services fell by 0.1% in August 2022, after growth of 0.3% in July 2022; human health and social work activities, and arts, entertainment and recreation activities fell by 1.3% and 5.0%.
- Output in consumer-facing services fell by 1.8% in August 2022, after growth of 0.7% in July 2022.
- Production fell by 1.8% in August 2022, following a fall of 1.1% in July 2022. This was mainly due to a fall of 1.6% in manufacturing.
- Construction grew by 0.4% in August 2022, after growth of 0.1% in July 2022. The increase in monthly construction output in August came solely from a 1.9% increase in new work, as repair and maintenance saw a decrease of 2.0% on the month.

Monthly GDP is now estimated to be at the same level as its pre-coronavirus level (February 2020).

UK GDP



(Source: ONS)

At the start of September, the Bank of England (BoE) warned the UK could already be in a recession – which is defined as two three-month periods of GDP shrinking in a row. However, recent data confirms that economic output grew marginally by 0.2% between April and June this year so the UK is not technically in a recession yet. The level of real GDP is now estimated to be 0.2% below where it was pre-pandemic at Q4 (October to December) 2019, downwardly revised from previous estimates of 0.6% above.

The International Monetary Fund (IMF) has recently warned that the UK is set for the slowest growth of the G7 richest economies next year. It is predicting UK growth will fall to just 0.5% in 2023, lower than its forecast in April of 1.2%. The BoE has also reduced its growth forecasts for UK GDP from 1.25% to -0.25% for 2023 and 1% to 0.25% in 2024.

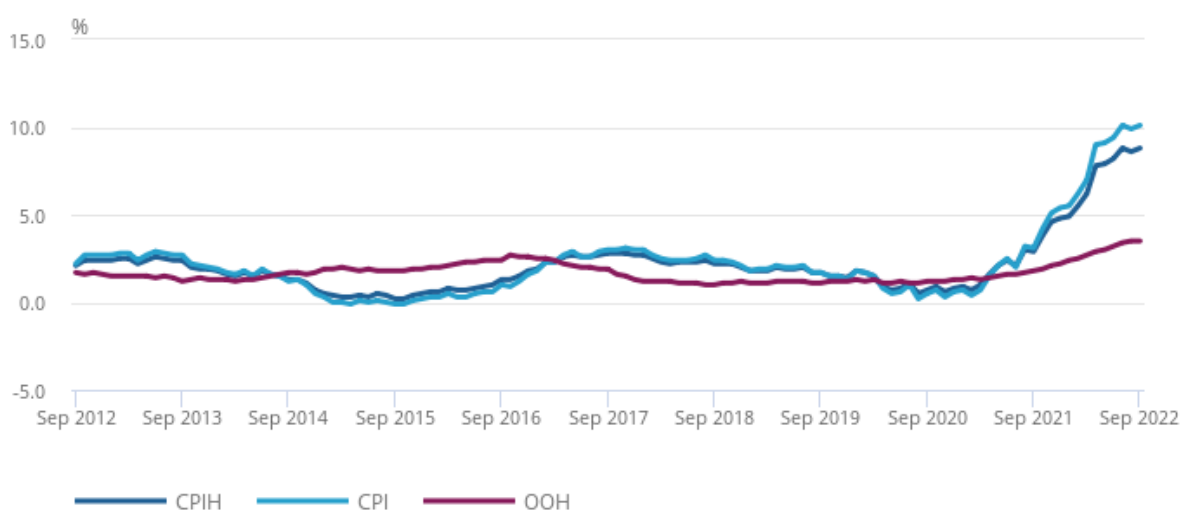
Inflation in the UK continues to rise at the fastest rate for 40 years as food, energy and fuel costs continue to climb. CPI rose to a high of 10.1% in the 12 months to September 2022, up from 9.9% in August and returning to July's recent peak, which was the highest level since March 1982. The Bank of England has forecast that inflation will reach

13% in October, with fuel, food and raw material costs continuing to soar partly due to the Ukraine war. The BoE expects inflation to ease next year and be close to 2% in around two years.

In response short term inflation concerns, the BoE increased interest rates for the seventh month in succession in September. They increased interest rates by 50 bps to 2.25% – the highest level since 2008. However, given the market’s reaction to the September mini budget, many economists believe interest rates could rise faster and higher, to as much as 6% by May 2023.

Due to rising interest rates and high inflation consumers are likely to draw heavily on the estimated £185 billion of excess savings accumulated over the past couple of years to help sustain spending through the course of this year, but there will inevitably be a strong distributional aspect to this with lower income groups likely to have little in reserve.

UK Inflation



(Source: ONS)

UNEMPLOYMENT AND CONSUMER CONFIDENCE

Since the end of 2020 UK employment metrics have shown a steady recovery. In the latest period (June to August 2022), the employment rate decreased by 0.3% to 75.5% from the previous quarter (March to May 2022), which has a notably higher employment rate than other periods.

The unemployment rate decreased by 0.3% to 3.5%, the lowest rate since December to February 1974.

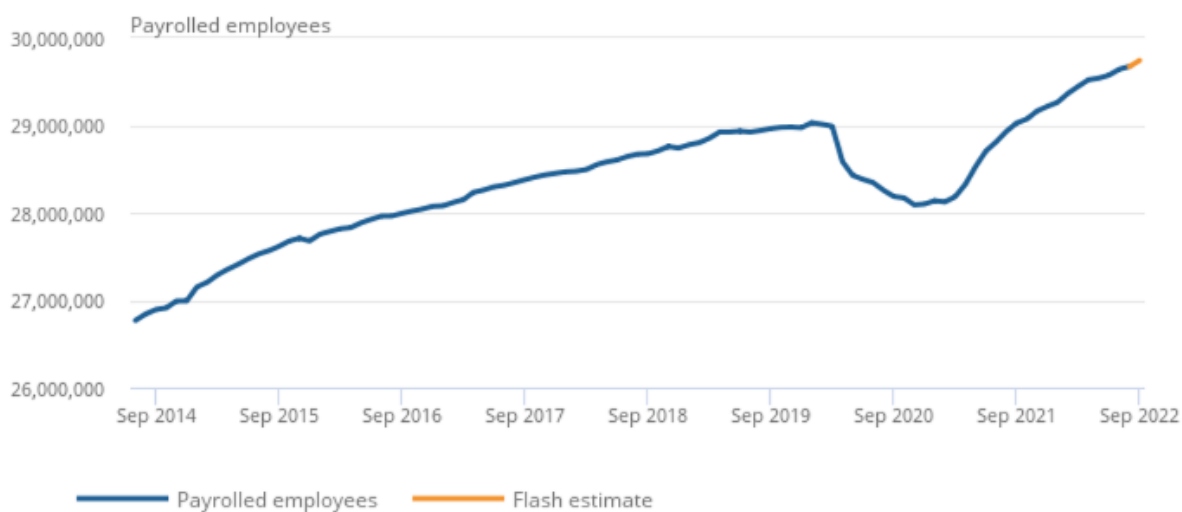
The number of payroll employees showed another monthly increase in September 2022, up 69,000 to a record 29.7 million.

The number of job vacancies in July to September 2022 was 1.246 million, reflecting a decrease of 46,000 from the previous quarter (June to August 2022). Despite three consecutive quarterly falls, the number of vacancies remain at historically high levels.

Growth in average total pay (including bonuses) was 6.0% and growth in regular pay (excluding bonuses) was 5.4% in June to August 2022. This is the strongest growth in regular pay seen outside the pandemic period.

However, in real terms (adjusted for inflation) growth in total pay fell by 2.4% and regular pay fell by 2.9%. This is slightly smaller than the record fall in real regular pay witnessed in April to June 2022 (3.0%), but still remains among the largest falls in growth since comparable records began in 2001.

Payrolled Employees



(Source: ONS)

UK consumer confidence dropped in September 2022 to a new low of -49, the lowest score since records began in 1974 (source: GfK). This means consumer confidence is now weaker than in the darkest days of the global banking crisis, the impact of Brexit on the economy, or the Covid shutdown. This is due to soaring living costs with 40-year-high levels of inflation, record-high fuel and food prices, recent interest-rate rises (and the prospect of more increases to come), and higher taxation. The outlook for consumer confidence is gloomy, and nothing on the economic horizon shows a reason for optimism any time soon.

MARKET UNCERTAINTY

The Chancellor announced the Government's new tax-cutting mini budget on 23rd September, which unveiled the biggest tax package for 50 years, but the £45 billion worth of cuts has triggered concerns that Government borrowing could surge along with rising interest rates. This has sparked turmoil on financial markets and sunk the value of the pound.

The pound fell close to 5% at one stage to around \$1.0327, as investors and analysts gave a startling assessment of the UK's economic prospects.

At the same time the yield on the UK's two-year, five-year, and 10-year gilts soared, pointing to the rising cost of the UK's borrowing as the Government outlined plans that require further borrowing.

In response to the market turbulence, the Bank of England was forced to step into calm markets and on 28th September announced it would buy £65 billion of Government bonds over the next fortnight in an attempt to restore stability. After this announcement the value of sterling rose to around \$1.08, and it remained around this level after Prime Minister Liz Truss said she would stand by the measures announced in the mini budget. The Chancellor has since reversed his decision to scrap the top rate of tax, which resulted in the value of sterling increasing by circa 1% to around \$1.12. This U-turn has eased some market nerves, but there are still concerns over how a remaining £43 billion of tax cuts will be funded.

On 14th October Liz Truss sought to calm the financial markets, and restore confidence in her government, by dismissing her Chancellor (Kwasi Kwarteng) and announcing a second U-turn on a major economic policy. Jeremy Hunt was revealed as the new Chancellor on 14th October and announced on 17th October that he plans to reverse almost all the tax cuts published in the mini-budget three weeks ago. After this statement the pound rose and Government borrowing costs fell as investors welcomed the news.

However, even after the removal of Kwasi Kwarteng as Chancellor, there have also been calls for Liz Truss to resign as Prime Minister as her plans to cut taxes and boost economic growth have failed dramatically. The continued chaos in Parliament and political turmoil within the Conservative Party led to Liz Truss resigning as Prime Minister on 20th October after just 45 days in office. Her successor will be announced in the next week or so.

At the present time, the Bank of England does not appear willing to step in with any interim interest rate increases before the next monetary committee meeting in November to target current inflationary pressures faced by the UK which could alleviate some market concerns, but such an action cannot be ruled out. In the meantime, the prospect of further rate rises will likely limit the levels of market activity.

The UK real estate market was already facing headwinds prior to the mini-budget announcement, notably due to construction cost inflation and the rising cost of debt weighing heavily on the market. UK real estate stocks have fared badly since the announcement, along with the wider stock market. The first major transaction to be cancelled because of the disruption to the public markets was LXi REIT's deal for a £500 million sale and leaseback of a portfolio of Sainsbury's stores. Recent events are undoubtedly going to create an increased level of uncertainty in the property market and some softening of pricing in the short term, particularly in those sectors of the market that are assessed in line with gilt markets such as long dated income.

As part of the mini-budget announcement, revisions were also made to the stamp duty land tax by increasing the threshold to £250,000 generally, and £425,000 for first time buyers, which has been implemented with a view to aiding the housing market. However, market reactions to the wider mini budget have resulted in many mortgage providers removing their products from the market, and as matters stand new products being offered to the market will be at significantly higher mortgage interest rates to recent times. These factors are likely to have a negative impact on affordability, housing demand and house prices, particularly as mortgage lenders start to stress test the ability of buyers to meet significantly increased mortgage repayments.

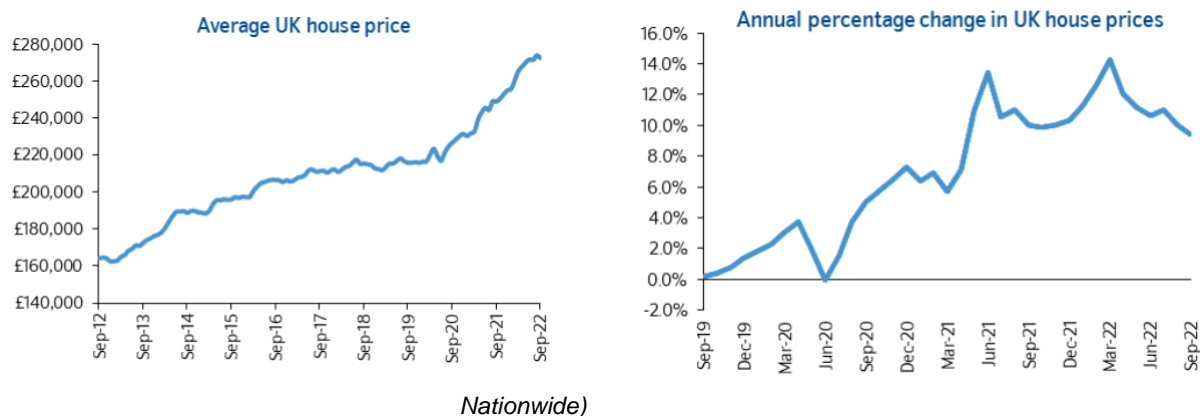
This all being said, we consider it too early to foresee the full impact that current events will have on the wider UK real estate market, but there are clear signs of downward pressure on values as on-going deals falter in the face of market uncertainty and rapidly changing funding requirements. As such, we will continue to monitor the situation closely, but it may be necessary for us to update our market commentary and any potential impact on value as events progress and market sentiment can be more accurately gauged through activity levels and transactional evidence over the coming period.

HOUSING MARKET

Annual house price growth decreased slightly to 9.5% in September 2022, from 10.0% in August (source: Nationwide). Prices were unchanged over the month from August, after taking account of seasonal effects. This is the first month not to record a sequential rise since July 2021.

The housing market has retained a surprising degree of momentum given the mounting pressures on household budgets from high inflation, which has already driven consumer confidence to all-time lows. There are signs of a slowdown in activity though, with the number of mortgage approvals for house purchases falling below pre-pandemic levels and agents reporting fewer new buyer enquiries. However, the slowdown has been modest to date, and combined with a shortage of stock on the market, has meant that price growth has remained positive. The reduction in stamp duty might also provide some support to activity and prices, as will the strength the labour market (assuming it persists).

Nevertheless, the housing market is expected to slow as pressures on household budgets intensifies in the coming quarters, with inflation set to reach double digits towards the end of the year. Moreover, the Bank of England is widely expected to raise interest rates further, which will also exert a cooling impact on the market if this feeds through to mortgage rates.



(Source:

UK AFFORDABLE HOUSING MARKET

In 2015, there were just 25 for-profit registered providers (FPRPs) and 395 homes. By 2022 this has grown to 64 FPRPs and 20,000 homes. Based on Savill’s survey of all FPRPs in a May 2022 Social Housing article, FPRPs will gain an additional 9,000 affordable homes by 2023, and by 2027 there are predicted to be 90 FPRPs and 140,000 homes.

The affordable housing sector has the same favourable long term structural demand drivers, liability matching return characteristics, potential for growth and insulation from volatility that has drawn investors to other residential sub-sectors. It also offers the best opportunity for social impact and long-term investors are increasingly looking for ethical opportunities.

Private finance has long played a vital role in the affordable housing sector through debt finance, typically bank debt and capital market funding from either public or private bond issuances. The bond market activity is financed by private capital for long term financial return and appetite to fund Private Registered Providers (PRPs) has been strong in recent years, although in recent weeks lenders have been temporarily withdrawing from the market until the financial and bond markets have adjusted to interest rate increases and bond market volatility.

The Government has committed £11.5 billion in funding to deliver 180,000 homes between 2021 and 2026 which is more than double that of the previous programme ending in 2021. The focus of the new programme is to fund both homes for sale and rent evenly. Previously the scheme focused on home ownership.

SHARED OWNERSHIP

Shared Ownership makes up approximately 45% of the homes owned by FPRPs but is less than 1% of the whole sector. It provides long-term income streams with limited repairs obligations compared to social and affordable rent. There is also the potential for house price inflation to boost returns. However shared ownership, as with other affordable tenures, is subject to policy risk. For now, it enjoys cross-party support as a way of helping people into home ownership.

Shared Ownership properties can be acquired as part of the Section 106 affordable housing provision or by bulk purchasing homes from a developer at a discount to Open Market Value and switching to Shared Ownership, typically using grant funding. Homes developed with grant funding can only be acquired by a PRP. Alternatively, investors could acquire the retained equity of existing portfolios.

The Government aims for half the homes built through the 2021–26 Affordable Homes Programme (AHP) to be for affordable home ownership. By contrast, 36% of grant-funded starts between 2017–18 and 2019–20 were for shared ownership.

This new funding suggests we'll see an additional 90,000 grant-funded shared ownership homes built over the next five years, an average of 18,000 per year. This is 73% higher than average grant-funded shared ownership starts over the last three years, 10,382.

In the past there has been an overlap of purchasers using either shared ownership or Help to Buy. However, with Help to Buy ending in March 2023 the competition will disappear. The Government is introducing a new affordable home ownership product, 'First Homes', to help meet demand. Planning guidance published in May 2021 requires at least 25% of developers' Section 106 contributions to be First Homes. However, shared ownership needs a lower deposit and has lower income requirements than First Homes.

Further changes to the shared ownership market have come through Government announced changes to the minimum initial stake in 2021. New homes are now available at a minimum 10% initial stake, down from 25%. Residents can 'staircase' in 1% increments, down from 10% steps. And the registered provider must pay for all external and some internal maintenance for the first ten years.

Maintenance costs for new homes are typically low and as a result it does not appear to be impacting the demand from FPRP's. There is a risk that all RPs will face much higher costs if homes need more extensive repairs: replacing external cladding, for example. However, with careful due diligence during development and appropriate insurance, providers can mitigate this risk.

In 2021, 12,576 shared ownership units were sold, this reflects a 49% decrease on the previous year. With 84% of sales taking place outside of London, this is an increase on previous years where only 53% of sales were located outside of London. Lack of housing supply was a contributing factor although it has been noted by JLL competition from Help to Buy also played a part. Help to Buy expires 31st March 2023 and housing supply is likely to increase due to increased mortgage costs. We therefore expect that sales of shared ownership units to increase next year assuming no alternative to help to buy is announced.

AFFORDABLE/SOCIAL RENT

General needs rented housing is the largest category within affordable housing, it made up c.84% of all affordable homes and c.72% of the homes owned by private registered providers in 2019–20. The supply-demand fundamentals for general needs housing are consistently strong with Local authority waiting lists provide a ready-made list of potential tenants, keeping occupancy high.

For four years since 2015/16 social rents have been required to reduce by 1% each year. In April 2020, this came to an end. However, the volatility in government policy around rent inflation has been seen before and may deter private investors from funding affordable rent homes.

Growth in affordable rented stock is most likely to slow down with the introduction of First Homes. It is estimated First Homes will cut supply from developer Section 106 contributions by over 3,500 homes per year. Rented homes made up the majority of Section 106 over the last three years. Developers contributed 12,039 affordable rented homes on average each year, 52% of Section 106 delivery. And they delivered a further 3,784 social rented homes.

Between affordable rent, London affordable rent and social rent, rented homes made up 76% of grant-funded housing starts over the last three years. This will change in the next AHP. Government wants half the homes built in the 2021-26 AHP to be home ownership products.

The Government plans to fund 180,000 homes through the 2021-26 AHP. With half of these going into ownership tenures, that leaves grant for 90,000 discounted rent homes, an average of 18,000 per year. That's 43% higher than the 12,602 started on average over the last three years.

As set out in the Governments 'Rent Standard – April 2020' - The government committed to a five-year rent settlement of rent increases up to CPI +1% from April 2020. This sees a rise in rents for the first time since 2015-16.

With the recent cost of living crisis, the government has come under pressure to provide relief to people on low incomes in the wake of increased energy bills and inflation. The government has suggested a rent cap of either 3%, 5% or 7% will implemented from April 2023, the preferred option is 5%. The current cap noted above was supposed to remain in place until 2025, however with a cap of CPI +1%, the maximum allowed increase could rise to 11.1% based on the Bank of England's inflation predictions.

Heylo Housing portfolio, however, falls under the category of shared ownership low-cost rental accommodation which is exempt under the draft policy statement. However, whilst Heylo will not be bound by legislation to cap rents, they may choose to implement some form of rent increase mitigation to alleviate any excessive increases

AFFORDABLE RENTS

HHSB does not have any "Affordable Rents", so this section is merely for is merely for comparison and wider context.

Registered Providers typically set affordable rents at no more that 80% of Market Rent inclusive of service charge. However, this can be capped at the Local Housing Allowance limit. The link to local market rents will be the primary driver for the large variation in average rent levels between regions.

The average weekly cost of affordable rents (general needs) across the country increased between 2021 and 2022. Establishing Market Rents for affordable rent is not tied to inflation meaning it can increase more than CPI +1%. Suggesting that it is likely larger increase will be seen moving forward. The average affordable rent in England is £136.29 per week. The regions having higher than average weekly rents are London, South East and the East of England.

Affordable Rent general needs gross rent by region (£/ week)



(Regulator of Social Housing – Registered Provider Social Housing Stock in England – stocks and rents 2021/22)

In terms of percentage change over the last 12 months, affordable rents grew on average by 2.6%, with the East of England seeing the highest percentage rise of 3.8%.

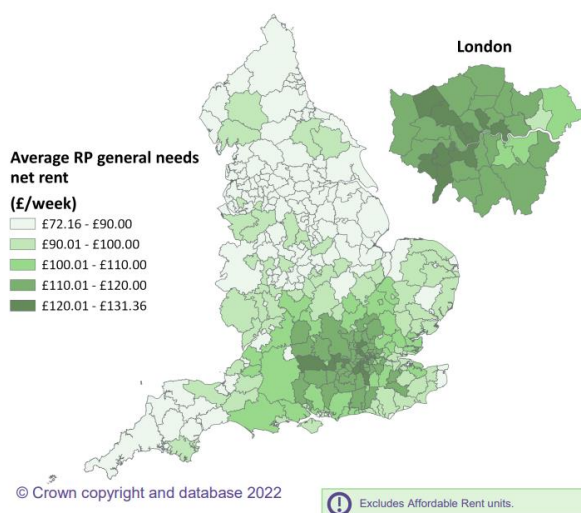
SOCIAL RENTS

HHSB does not have any “Social Rents”; as per “Affordable Rents” section this commentary is for comparison and wider context.

As set out in the Governments ‘Rent Standard – April 2020’- Social rents are set using a government formula. This creates a ‘formula rent’ for each property, which is calculated based on the relative value of the property, the size of the property and relative local income levels. Landlords have flexibility to set rents up to 5% above the formula rent (10% in the case of supported housing). Formula rent is also subject to rent caps, which vary according to the size of the property. Social rent is typically set at 50-60% of market rent.

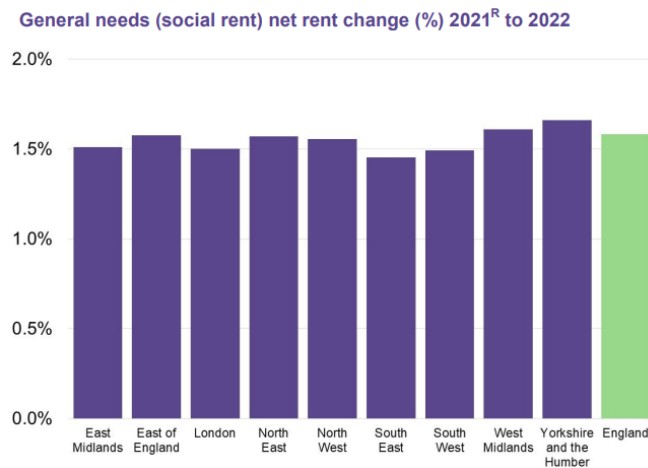
The average weekly social net social rent in England is £94.31 per week. As expected, the highest weekly rent is within London and the South East both averaging over £100 per week. On the opposite end of the spectrum the North East charges the lowest average rent of £78.89 per week. The below data consists of information from both private and local authority registered providers, and it should be noted that in general local authority rents are lower.

RP general needs (social rent) net rents by region (£/ week)



(Regulator of Social Housing – Registered Provider Social Housing Stock in England – stocks and rents 2021/22)

In terms of percentage changes over between 2021 and 2022, on average across England social rents increased by 1.6%. Again, the highest percentage change were seen in Yorkshire and Humber at 1.7%, whilst the South East saw the lowest percentage change at below 1.5%.



(Regulator of Social Housing – Registered Provider Social Housing Stock in England – stocks and rents 2020/21)

Increasing rents will have varying impacts across the country, with a much greater impact much sooner in some local areas, depending on the current relationship between general needs rents and the local market. Within five years, general needs rents will be pushing up against the benefit cap in some local authorities in the South East.

REGIONAL OPEN MARKET OVERVIEW

Annual house price growth decreased slightly to 9.5% in September 2022, from 10.0% in August (source: Nationwide). Prices were unchanged over the month from August, after taking account of seasonal effects. This is the first month not to record a sequential rise since July 2021.

The housing market has retained a surprising degree of momentum given the mounting pressures on household budgets from high inflation, which has already driven consumer confidence to all-time lows. There are signs of a slowdown in activity though, with the number of mortgage approvals for house purchases falling below pre-pandemic levels and agents reporting fewer new buyer enquiries. However, the slowdown has been modest to date, and combined with a shortage of stock on the market, has meant that price growth has remained positive. The reduction in stamp duty might also provide some support to activity and prices, as will the strength the labour market (assuming it persists).

Regionally, over the last two years house prices have been performing strongly however we are seeing this slowing down moving into Q4. Annual house prices demonstrated robust growth in Q3 with the South West leading seeing growth of 12.5% closely followed by the East and West midlands at 12.4% and 12.5% respectively. London has seen the lowest ground in Q3 at 6.7%. (Savills). However, growth has slowed over the last few months in all regions with the biggest slumps being seen in the East of England and London. From Q2 to Q3 house prices grew by 0.3% on average. Its consider that the end of 2021 constituted the peak of prime regional activity, however the continual demand for more space pushed house price growth in 2022. From August 2022 demand and supply have subdued with estate agents seeing the lowest level of instructions since May 2021. According to Nationwide, as of September 2022 the national average house price is £272,259. Below we have set of the average house price in each region in Q3.

REGION	AVERAGE PRICE Q3 2022
South West	£321,725
East Midlands	£241,699
Wales	£213,684
West Midlands	£247,120

REGION	AVERAGE PRICE Q3 2022
North West	£212,998
East Anglia	£289,266
Yorkshire & Humber	£209,261
Outer South East	£353,276
N Ireland	£183,960
Outer Met	£435,709
North	£159,309
Scotland	£184,496
London	£534,545
UK	£273,135

7. VALUATION METHODOLOGY

INTRODUCTION

Our valuation has been undertaken in line with the RICS Red Book definition of EUV-SH. We have therefore assumed that the Portfolio will be disposed of to a Registered Provider (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.

MARKET VALUES

We have been provided with Day One Market Values (Day One OMV's) for each unit assuming vacant possession. OMVs are used to calculate staircasing receipts in the cash flows. To appraise the OMV of each property on a desktop basis, we have reviewed recent comparable sales evidence from the immediate surrounding area of each property. We have used Rightmove and REalyse to find comparable evidence. We have also compared our figures to a recent Automated Valuation Model output for the properties.

Where possible we have relied upon sale evidence from other units in the same scheme. New build properties warrant a premium on their initial sale, whereas older second-hand units do not typically warrant a premium. The nature and age of the portfolio suggests that HHSB properties would achieve higher sales rates than average specification second-hand properties but lower sales rates than brand new units.

We have arrived at the following change in OMV's:

- HHSB Home Reach – Day One OMV £14,575,877, as at valuation date **£15,838,050** (+9.7%)
- HHSB Your Home – Day One OMV £1,052,950, as at valuation date **£1,185,000** (+12.5%)

The above value movements appear to be below the average price increase over the last year across the UK as outlined in the market section of this report. However, some properties in the HHSB Pod are located in more affordable locations which have not necessarily seen the same level of house price growth and as the portfolio ages the properties start losing their new build premium.

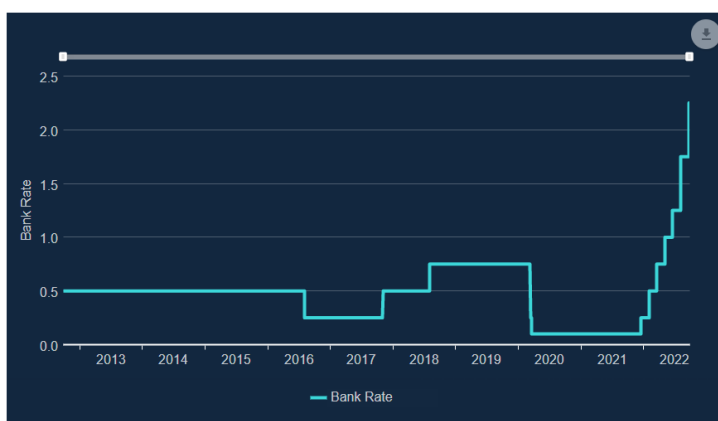
Please note that the above-mentioned Day One OMVs reflect Heylo's share of the Market Value and is a key input for the EUV-SH calculations. However, if we apply the special assumption of vacant possession for the first reported valuation figure in this report, we should ignore the share owned by Heylo. Appendix 2 provides the detailed Market Value figures by property and totals ££27,275,00 for HR and £1,805,000 for YH; the combined value equating to **£29,080,000**. This compares to £17,023,850 if we take into account the equity owned by Heylo.

EUV-SH GENERAL ASSUMPTIONS

The below assumptions are relevant to the Home Reach and Your Home EUV-SH cash flows.

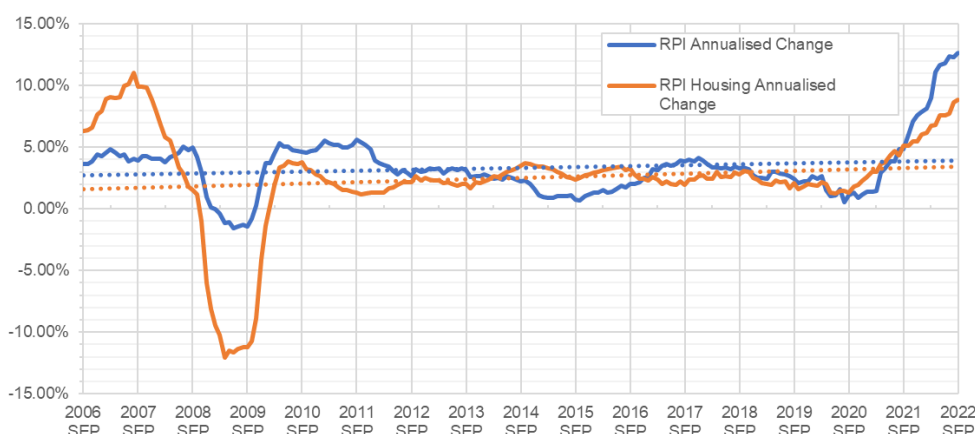
RPI AND HPI

This year's valuation is during a period of rapid change in the property investment and financial markets in response to the BoE base rate climbing significantly over the past few months, as shown by the below chart.



RPI and House Price Inflation (HPI) are key inputs for our EUV-SH cash flows. The chart below shows the historic RPI and HPI. The table to right shows the averages of RPI and HPI values since September 2006 and since September 2000. Recent annualised inflation has spiked both RPI and HPI with RPI peaking around 12.6% YoY. HPI is not far behind 8.8% YoY. The longer-term view for RPI and HPI is in the 2.8%-3.5% range.

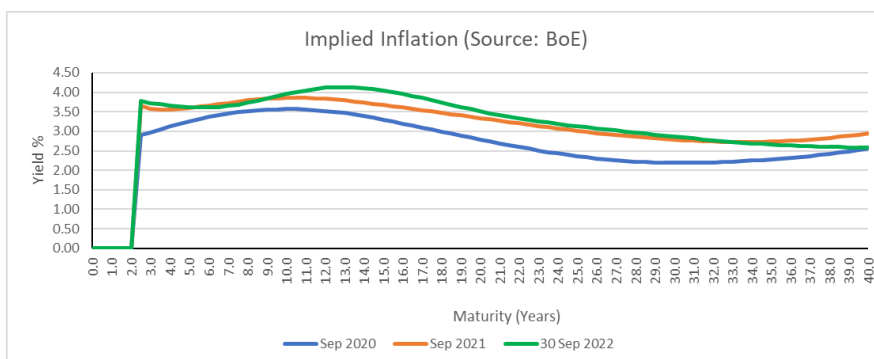
ONS RPI and Housing RPI annualised monthly change since last 15 years



	Since 2010	Since 2000
Average RPI	3.41%	3.10%
Average HRPI	2.83%	3.48%

Both RPI and HPI have increased sharply over the past 12 months. It is reasonable to assume that this increased inflation continues in the medium term, particularly because of increased petrol/gas costs in the international markets and supply issues for various commodities and manufactured products.

The BoE implied inflation curve implies that medium and long-term inflation is slightly higher than last year with a slight dip below last years after 35 years. This is due to the way real gilt rates and nominal gilt rates are interacting with each other during a time of uncertainty in the bond markets. Considering the significantly higher short term inflation outlook (up to year 2.5 of the below chart) we will increase the long term RPI growth assumption by 50 bps to 3.50%.



For HPI we have retained the 3.75% assumption despite higher growth in house prices over the past year. As discussed in the market section of this report there are economic headwinds for the residential market, namely higher mortgage costs. On this basis, we are keeping HPI well below the HRPI in ONS statistics and various house price indices.

HOME REACH

We have valued the shared ownership properties using a specific Discounted Cash Flow (DCF) model reflecting the average weighted maturity of the occupational leases. 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 Portfolio includes 102 Home Reach properties, 101 of which are currently occupied on shared ownership leases, with Heylo owning a weighted average of 59% (last year 58%).

RENTS AND AFFORDABILITY

The gross rent receivable from the shared ownership properties Day One amounts to £428,162 in year one (£385,726 reported last year). This rent increases each April based on the year to September the preceding year. Heylo therefore know that the RPI figure for September is 12.64%. There is an additional 0.5% margin built into the rental uplifts with tenants which means that the overall growth in April should be 13.14%.

Even though the average weekly rent for HHSB HR is only £84 Day One, it is likely that many FPRPs such as Heylo will cap the rental increase below a double-digit percentage increase. We have assumed that the increase this year will be 8% (a conservative assumption) but we have only applied half of this growth due to a cash flow start in September. We have therefore assumed a year one input rent inflated at 4% before the long-term inflation assumption applies.

In his recent Autumn Statement, Jeremy Hunt confirmed that the government will limit social housing rent increases in England to 7% from April 2023. Without this limit, rents would have increased in the social housing sector next year by up to 11.8%. We note that Heylo is not funded or commissioned by local authority or social care funding. Therefore, Heylo is exempted from the government's rent cap.

We have adopted a net income stream equating to 96% of the gross annual rent receivable from the shared ownership element of the Portfolio.

RENTAL GROWTH AFTER YEAR ONE

Our cash flow assumes annual rental growth after year one of 3.50% RPI plus 0.5% margin for HHSB Home Reach. This margin reflects the information we have been given by Heylo as to the standard agreement in this sub-portfolio.

OUTGOINGS

As tenants reside on effective 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 rental income stream.

STAIRCASING

Based on the data in the below table, the staircasing rate for all Heylo pods increased last year above levels that would support existing staircasing assumptions. However, there was a SDLT holiday that ended last year, and this would have skewed the market. There has also been a short-term push to agree mortgages before rate increases. As

mortgage rates reduce in affordability and availability, we think that staircasing rates will fall back to long term levels. Therefore we have not changed last year's staircasing assumption of 1.5% for Home Reach (and 1.8% for Your Home).

PERIOD		FULL STAIRCASING RATES	
Year of Staircasing	Year Ended to 30/9	Staircasing % (by Unit)	Staircasing % (by value)
1	2016	4.1%	2.3%
2	2017	1.6%	1.1%
3	2018	2.1%	1.6%
4	2019	1.6%	1.3%
5	2020	1.6%	1.7%
6	2021	1.6%	1.7%
7	2022	2.2%	2.3%

The relatively low staircasing assumptions are justified by the following:

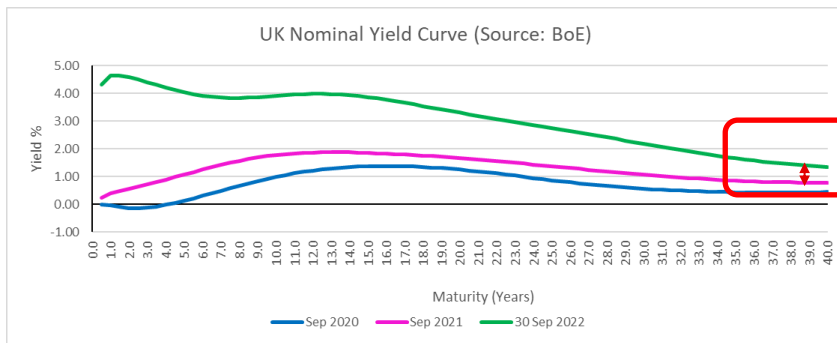
- Heylo focus on preserving a long term RPI linked revenue flow to match investor interests. Unlike other RP's they do not proactively market staircasing and promote re-sales of existing shares instead, to a growing market of customers aware of and keen to access second hand shared ownership homes.
- Heylo are not encumbered by the need to operate a cross subsidy model from shared ownership staircasing receipts (they only hold shared ownership housing) and do not currently have a re-cycled grant facility, so have no incentive to expedite staircasing to release grant subsidy.
- The concentration of houses and a generally older buyer profile lends itself to people staying in their homes for longer as they have a home which suits their longer terms needs. Most staircasing is driven by the desire to sell and move on. This is in contrast with, say, London-focus RP's which have a generally younger buyer profile lending itself to a higher percentage of staircasing and selling 100% shares in order to capture equity growth and financing a purchase of a larger home outside the capital.
- The location of properties is around or near to the urban and town areas, from which existing shared owners in flats are more likely to be vacating, in search of larger family accommodation. Heylo re-sales are and should be increasingly attractive to that market.

DISCOUNT RATE

This year we have adopted a discount rate of 5.25% for the rental income and 6.00% for the staircasing income (50bps uplift from last year which equates to an IRR of 5.91% for Home Reach compared to last year's IRR of 5.4%.

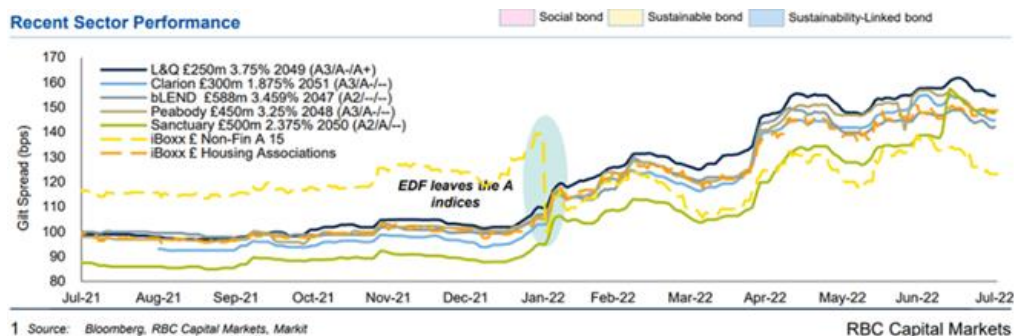
The EUV-SH values for each pod are sensitive to discount rate assumptions. We have therefore analysed changes in the Risk-Free Rate and risk premiums this year.

For the Risk-Free Rate, the changes between 2020 and 2021 were minimal, showing a stable Risk-Free Rate in a low inflation environment and therefore stable monetary policy. However, in September 2022 the BOE yield curve has been increasing due to BoE bank rate increases and bond pricing volatility after the 'mini-budget'.



+c.50 bps (as at 30/9/2022) since 2021 for longest term cash flows since last year – relevant for the long term EUV-SH cash flows

It is difficult to establish whether risk premiums have increased as at the valuation date given the short-term market volatility. This is despite the indication from the below chart that housing association bond spreads have increased by c.50 bps. Our reasoning is that in the property investment markets bidders are having to absorb some of the Risk-free Rate increases if they are to price their bids competitively. In the commercial property investment markets 'prime' deals are still achieving yields that are not substantially above the Risk-free Rate. For example, in early October 2022 Great Portland Estates exchanged contracts on the £190m sale of 50 Finsbury Square to a subsidiary of German family office Wirtgen Invest Holding, reflecting a 'topped-up' Net Initial Yield of 3.85%. With a 20-year pre-let income, the appropriate Risk-free Rate would be 3.5%. Discount rates are generally higher (>+50 bps) than Net Initial Yields so if we assume that the purchaser applied a 4.5% discount rate, then the risk premium compared with a 20-year gilt (the rent income is 20 years) equates to only 75 bps.



Considering all the above, we have increased our cash flow discount rates by c.50 bps relative to last year:

- **Home Reach rent discount rate:** increased from 4.75% to 5.25%
- **Home Reach staircasing discount rate:** increased from 5.50% to 6.00%

YOUR HOME

We have valued the shared ownership properties using a specific Discounted Cash Flow (DCF) model reflecting the average weighted maturity of the occupational leases. 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 Portfolio comprises 6 properties held on shared ownership leases. No units are tenant owned or on the market. Heylo owns a weighted average 66% (72% last year) of equity in the units.

RENTS

We have been advised by Heylo that the gross annual rent receivable from the Your Home properties is £56,725 in year one, (£83,922 reported last year). We have relied on this information being accurate and have not otherwise verified the rent roll of the Property. Like the HR properties we have assumed a 4% increase in the input rents to allow for a mid-year 8% 'capped' increase in rent.

RENTAL GROWTH

HHSB Your Home comprises a standardised lease arrangement of RPI plus 0.75%. The HHSB Your Home rent (£189 per week) is higher than Home Reach but is still just below market levels. If we select three example cities/towns from the HHSB map shown in Section 2 of this report and use REalyse average weekly rents the comparison is as follows:

- **Carlisle:** £171 per week – just below £189
- **Liverpool:** £200 per week – just above £189
- **Bristol:** £342 per week – above 189

We note that sustained RPI higher than our expected long term 3.5% could place pressure on the affordability of YH rents in the medium to long term. We will monitor this closely in future years.

OUTGOINGS

We are informed that tenants will reside on effective 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

For reasons discussed in the Home Reach section we have kept the staircasing rate for Your Home unchanged this year at 1.8%.

There is a column in the model that takes into account the reduction in net staircasing receipts as a result of the 75% share of uplift in value to the tenant. This column uses mid-year growth assumptions and reduces the percentage of the available staircasing receipts depending on the year of the cash flow.

Your Home staircasing is higher than Home Reach because 75% of the uplift in value is retained by the purchaser so buying-in tranches of equity is more affordable. However, the staircase rate of this sub-portfolio is still lower than market norms.

DISCOUNT RATE

For the same reasons as the above Home Reach discussion, we have increased Your Home discount rates by 50bps compared to last year's discount rate – from 5.75% to 6.25% for the rental income and from 6.25% to 6.75% for the staircasing income. The blended IRR for Your Home equates to 6.82%, which is slightly higher than last year's 6.30%. This IRR seems reasonable in the current market and economy.

SENSITIVITY ANALYSIS

We have applied a sensitivity analysis to the key inputs for the HHSB portfolio in the two tables below. Each table adjusts existing inputs in 0.25% increments.

HHSB		<<<HPI margin>>>									
		-0.50%	-0.25%	0.00%	0.25%	0.50%					
Staircasing margin	0.50%	£18.38 m	£18.79 m	£19.23 m	£19.70 m	£20.21 m	-9.3%	-7.3%	-5.1%	-2.8%	-0.3%
	0.25%	£18.79 m	£19.22 m	£19.68 m	£20.17 m	£20.71 m	-7.2%	-5.2%	-2.9%	-0.5%	2.2%
	0.00%	£19.36 m	£19.79 m	£20.26 m	£20.78 m	£21.35 m	-4.5%	-2.3%	0.0%	2.5%	5.3%
	-0.25%	£20.16 m	£20.59 m	£21.07 m	£21.60 m	£22.19 m	-0.5%	1.6%	4.0%	6.6%	9.5%
	-0.50%	£21.33 m	£21.75 m	£22.21 m	£22.75 m	£23.35 m	5.3%	7.3%	9.6%	12.3%	15.2%

HHSB		<<<Discount rate margin>>>									
		0.50%	0.25%	0.00%	-0.25%	-0.50%					
Staircasing margin	0.50%	£17.68 m	£18.43 m	£19.23 m	£20.09 m	£21.00 m	-12.7%	-9.0%	-5.1%	-0.9%	3.6%
	0.25%	£17.95 m	£18.78 m	£19.68 m	£20.64 m	£21.68 m	-11.4%	-7.3%	-2.9%	1.9%	7.0%
	0.00%	£18.30 m	£19.24 m	£20.26 m	£21.37 m	£22.58 m	-9.7%	-5.0%	0.0%	5.5%	11.5%
	-0.25%	£18.79 m	£19.87 m	£21.07 m	£22.38 m	£23.83 m	-7.3%	-1.9%	4.0%	10.4%	17.6%
	-0.50%	£19.48 m	£20.77 m	£22.21 m	£23.83 m	£25.65 m	-3.9%	2.5%	9.6%	17.6%	26.6%

The upper table analyses the sensitivity of EUV-SH to even incremental changes to both staircasing and HPI. There is an 9.3% reduction in value for a combined +0.5% added to staircasing and 0.5% deducted from the existing 3.75% HPI assumption. The EUV-SH is more sensitive in the opposite direction with an increase in value of 15.2% through a 0.5% reduction from the staircasing input and 0.5% addition to the HPI input. However, it is unlikely that staircasing would fall by a further 0.5%. In future years we will be monitoring any upward movement in staircasing leading to a fall in relative value. The cash flows are more sensitive to staircasing changes than HPI.

The lower table analyses the sensitivity of EUV-SH to even incremental changes to staircasing and the discount rate. In this case, the discount rate increments are inverted as a lower discount rate has the same positive impact on value as a higher HPI. There is a reduction in value of 12.7% for a combined +0.5% added to staircasing and 0.5% added to the discount rate. The opposite limit is 26.6%. Therefore, the most important input to the EUV-SH cash flows is the discount rate, which we have considered carefully in this valuation report.

8. 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 HHSB Ltd in the Portfolio of 108 units as of 30th September 2022, free from any onerous covenants or restrictions and subject to the occupational arrangements set out in this report, is in the sum of:

£20,263,057
(Twenty Million, Two Hundred and Sixty-Three Thousand, and Fifty-Seven Pounds)

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

The **Market Value with the special assumption of Vacant Possession** of the combined leasehold and freehold interests held by HHSB Ltd in the Portfolio of 108 units as of 30th September 2022, free from any onerous covenants or restrictions is in the sum of:

£29,080,000
(Twenty-nine Million, and eighty thousand Pounds)

Please note that for the above Market Value figure, if we take into account the share of the properties currently owned by Heylo (58.54%), the Market Value reduces to **£17,023,850**.

The UK real estate market was already facing headwinds prior to the mini-budget announcement on 23rd September, notably due to construction cost inflation and the rising cost of debt weighing heavily on the market. UK real estate stocks have fared badly since the announcement, along with the wider stock market. Recent events have created an increased level of uncertainty in the property market and some softening of pricing particularly in those sectors of the market that are assessed in line with gilt markets such as long dated income.

There are clear signs of downward pressure on values as on-going deals falter in the face of market uncertainty and rapidly changing funding requirements. We anticipate market sentiment will continue to weigh heavily on activity levels and thereby continue to place downward pressure on values. It is against this background that this valuation has been prepared.

For the avoidance of doubt, due to the functioning nature of the market, our valuation is NOT reported as being subject to ‘material valuation uncertainty’ as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

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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Partner and Registered Valuer
Montagu Evans LLP
gary.howes@montagu-evans.co.uk
Date: 21st November 2022

APPENDIX 1.0

TERMS OF ENGAGEMENT



70 St Mary Ave
London
EC3A 8BE
Tel +44 (0) 20 7493 4002

Strictly private and confidential
Navin Gunasagran
Heylo Housing Secure Bond PLC
6th Floor,
Design Centre East
Chelsea Harbour
London
SW10 0XF

16 September 2022

Dear Navin,

LETTER OF ENGAGEMENT – HEYLO HOUSING SECURE BOND PLC – ANNUAL PORTFOLIO VALUATION SEPTEMBER 2022

Thank you for instructing Montagu Evans LLP ("ME", "we", "our"), to act for Heylo Housing Secure Bond PLC ("Client", "you", "your") in connection with valuation matters relating to your current property portfolio (the "Properties"), and any future acquisition or additional properties notified to ME by you to be included in this instruction.

1. Instructions

We are writing to confirm the details of our instructions and to set out our terms of business and also the conditions upon which the valuation will be prepared. This letter and its appendices shall form the "Agreement" between us and you.

To the extent that terms of the Letter of Engagement conflict or are inconsistent with the Terms of Business, the terms of the Letter of Engagement shall prevail.

2. Scope

Valuation Report

We will undertake a valuation of the **Properties**.

Our valuation report ("Valuation Report") will comply with the requirement of the minimum content of VPS 3 contained within the Red Book.

The Valuation Report will be produced and emailed to you in PDF format. Hard copy format can be provided if required.

3. The Consultant

Chris Ramsden MRICS, Partner, acting for and on behalf of Montagu Evans LLP, will be responsible for carrying out the scope of work as outlined above, and will be your main point of contact (the "Consultant"). The partner overseeing the work and with ultimate responsibility for signing off any reports will be Eleanor Judd MRICS, and the second signatory will be Gary Howes MRICS.

WWW.MONTAGU-EVANS.CO.UK

LONDON | EDINBURGH | GLASGOW | MANCHESTER

Montagu Evans LLP is a limited liability partnership registered in England and Wales with registered number OC312072. Registered office 70 St Mary Ave, London, EC3A 8BE. A list of members names is available at the above address.

In accordance with your instructions, in preparing our Valuation Report we will not depart from the mandatory requirements of the Red Book. The Consultant and signatories are registered Valuers under the RICS Registered Valuers Scheme (VRS).

We have provided valuation advice for Heylo since 2014. We reserve the right should a conflict of interest arise or become apparent to cease providing any services and terminate the Agreement between us. In the event of termination under this paragraph 3, you shall only be liable for any work actually provided and costs actually incurred up to the date of such termination.

4. The Client

The Valuation Report and any other advice provided under the Agreement is solely intended for you. It will be addressed to:

Heylo Housing Secure Bond PLC
6th Floor,
Design Centre East
Chelsea Harbour
London
SW10 0XF

Our report(s) will be confidential to you and for your use only and no responsibility whatsoever shall be accepted to any third party for either the whole nor any part of its contents. Any such third parties who rely upon our report(s) do so at their own risk. Neither the whole nor any part of our report(s) or any reference to it may be included now, nor at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.

5. Purpose of the Valuation

The Valuation Report shall be provided for the sole purpose of *preparing an external desktop report and valuation setting out our opinion of Existing Use Value for Social Housing (EUV-SH) of the portfolio as at 30th September 2022.*

An additional Valuation Report shall be provided for the sole purpose of *preparing an external desktop report and valuation setting out our opinion of Market Value of the portfolio as at 30th September 2022 with the special assumption of vacant possession.*

6. Identification of the Asset to be Valued

The Consultant shall value the freehold interests. The Properties are residential properties held for investment purposes.

7. Basis of Value

The Properties will be valued in pounds sterling on the following bases of value, as defined in the Red Book:

- Existing use value – social housing (EUV-SH)
- Market Value (MV) *with the special assumption of vacant possession*

8. Valuation Date

For the purpose of the Valuation Report the date of valuation shall be 30th September 2022.

9. Extent of Inspection & Investigations

As agreed with yourselves, we will undertake the valuation on a desktop basis. On this basis, we require a variety of information from Heylo in order to successfully complete our valuation of this portfolio.

We list the information below:

- a An example of the tenancy residents reside upon;
- b Legal title / sample Report on Title;
- c Overall staircasing results to date for this portfolio so that we can test our forward-looking staircasing assumptions;
- d Excel spreadsheet listing property description/type (including bedrooms, tenure), most recent value for each property, current tenant ownership, tenant's share of ownership, gross annual rent receivable (current and historic), and years remaining on each lease.
- e Recent Automated Valuation Model (AVM) outputs from a regular review undertaken by Heylo for management information purposes.

10. Nature & Source of Information to be Relied Upon

We will rely on information from (but not limited to) the following sources:

- a information regarding the Properties obtained by you and/or relevant third parties (as identified above). We will take reasonable steps to verify the accuracy of the information;
- b copies of any plans provided to us by the instructing party or any third parties to include floor plans and elevations, floor areas, etc. We will seek to verify their accuracy where possible at our site inspection by taking appropriate check measurements where possible, where this is not possible, we will assume that the plans/floor areas are accurate;
- c information provided to us by the instructing party or third party solicitors to include title documentation, leases, tenancy agreements and tenancy schedules. We will take this information as being accurate;
- d information available online from, but not limited to, the following websites:

www.landregistry.gov.uk
www.rightmove.co.uk
www.nethouseprices.com
www.promap.co.uk
www.maps.google.co.uk
www.costar.co.uk
www.eig.co.uk
[www.gov.uk/environment agency](http://www.gov.uk/environment%20agency)
www.ukradon.org

- e information obtained from other agents relating to comparable data. Where possible, if the information provided is obtained from an agent not directly involved with the transaction, we will take reasonable steps to verify the information obtained.

11. Assumptions & Special Assumptions

The Valuation Report will be prepared on the conditions assumptions and special assumptions contained in Appendix A. Should these conditions and assumptions change for any reason, or should further assumptions be required, then these will be confirmed and agreed with you before the Valuation Report is issued.

The Market Value will be on the special assumption of vacant possession.

12. Fee Basis

Our fee rate is £45.00 per new property in the portfolio and £22.50 per previously valued property in the portfolio. We understand the portfolio to comprise 109 properties of which 106 have been previously valued. Based on the above the total valuation fee for the portfolio equates to £2,520 excluding VAT. We reserve the right to charge additional fees should the scope of services expand or increase but will in every case seek agreement in writing in advance.

Our fee rate for providing the desktop Open Market Valuation is £150 per property. Based on the above the total valuation fee for the Open Market Valuation equates to £16,350 excluding VAT.

13. Timescales

As discussed, the draft excel valuation will be provided by Friday 30th September on the assumption we have received signed, written instructions from you as well as the requested portfolio data. We aim to complete the supporting valuation report by Friday 11th November.

14. Limitation of Liability

Our liability in connection with the Agreement is limited in accordance with the provisions of Clause 5 of our Terms of Business. Your attention is particularly drawn to these provisions. Such limitations of liability shall apply notwithstanding any express or implied term or condition contained in the Agreement, any other agreement between you and ME, or any warranty or representation by ME provided that these limitations shall not exclude any liability for death or personal injury or any other liability for which exclusion or restriction is prohibited by law or for any liability arising as a result of fraud or dishonesty.

15. Data Protection

As mentioned in our Terms of Business, where we have your permission we may send you details of our products and services. We will process your personal information in accordance with our Privacy Policy found at www.montagu-evans.co.uk/privacy and available on request.

16. Complaints Procedure

A formal procedure exists for dealing with complaints from clients and others and is set out in our Terms of Business in Appendix B.

17. Monitoring under RICS Conduct & Disciplinary Regulations

Please note that reports prepared under the RICS mandatory regulations, along with supporting records, now have to be made available for inspection by the RICS as part of their monitoring procedures, and, therefore, if requested by the RICS, we are obliged to provide such information. Confidentiality between you and Montagu Evans LLP will still be maintained.

Yours sincerely,



CHRIS RAMSDEN

For and on behalf of Montagu Evans LLP

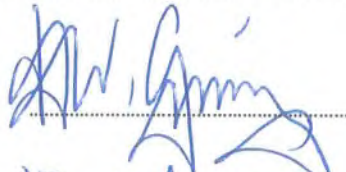
Email: chris.ramsden@montagu-evans.co.uk

Appendix A: Valuation Conditions

Appendix B: Terms of Business

I/We acknowledge receipt of this letter and appendices and agree to its terms. I/We confirm my/our instructions to proceed with the services specified in accordance with this letter and its appendices.

Signed



Dated

13 Oct. 2022

APPENDIX A
MONTAGU EVANS LLP – VALUATION CONDITIONS

CONDITIONS

Any valuation prepared by ME as part of the Services will be prepared on the following conditions:

1. no allowance will be made as to the effect of Capital Gains Tax, Value Added Tax or other taxation nor any liability that may arise on disposal whether actual or notional. Any individual, corporate or other tax status will not be taken into account although it is important to note that an individual's tax status and the imposition of Value Added Tax may influence values for capital and rental purposes;
2. all valuations are exclusive of VAT and in particular will make no provision for the payment of VAT if a sale of all or any part of a property constitutes a taxable supply;
3. no Title Deeds, Land Registry Certificates or Office Copy Entries will be inspected and no enquiries made that would normally be undertaken by a legal professional. ME will not be liable for the interpretation of your legal position or that of any third party;
4. all plans provided with the valuation will be for illustrative purposes only and any measurements, areas and ages quoted will be estimates;
5. unless expressly stated, no allowance will be made for any expenses relating to the sale, purchase, leasing or otherwise of the Property;
6. a visual but non-intrusive inspection shall be made of so much of the Property as is safely accessible without undue difficulty. Any buildings or structures will be externally inspected whilst the Consultant is stood at ground level within boundaries of the Property and will only be internally inspected if it is reasonable and safe to do so and to the extent the individual circumstances of the Property allow.
7. no inspections of those parts of the Property that are covered, unexposed, inaccessible or unsafe will be undertaken by ME including roof-voids, under-floor voids, attics, cellars and basements with unsafe access. ME will not move any furniture, materials, machinery, vehicles or equipment. ME will not lift or remove any wall, ceiling or floor coverings;
8. ME will not carry out any building or structural surveys, intrusive surveys of whatever nature, asbestos surveys, fire risk assessments, access audits or energy performance surveys, soil surveys, archaeological surveys, ecological surveys, species or habitat surveys in relation to the Property;
9. ME will not test, assess or survey any utility services, appliances or equipment at the Property;
10. ME will not carry out any tests, assessments or investigations to determine whether any hazardous or deleterious materials or inadequate building techniques have been used in the construction of the Property or have since been incorporated;
11. ME will not carry out any specialist investigations into potential or actual pollution or contamination at or near to the Property, or any other environmental issues which may impact the Property;
12. ME will make reasonable enquiries of the local Planning Authority to establish whether the Property has the necessary planning consents for its existing buildings and use and to establish whether there are any planning policies or proposals that could have an impact on the value of the Property. Unless expressly agreed otherwise, these enquiries will not extend to enquiries of the Local Authority's Building Control department;
13. any valuation prepared by ME will not account for any additional value attributable to goodwill, non-fixed equipment free standing furniture or to fixtures and fittings that are only of value in situ to the present occupier;
14. when valuing two or more Properties or a portfolio, ME will value each Property individually and no allowance will be made, either positive or negative, should it form part of a larger transaction. The total value stated in our report will be the aggregate of the individual values, except where negative values arise in which case these will be stated separately in our report;
15. ME will not take account of any possible effect that the appointment of either an Administrative Receiver, or a Law of Property Act Receiver, might have on the perception of the Property in the market and its subsequent valuation, or the ability of such a Receiver to realise the value of the Property in either of these scenarios;

16. ME will make no allowance for rights, obligations or liabilities arising under the Defective Premises Act 1972, and any valuation prepared by ME will be prepared on the assumption that all fixed plant and machinery complies with applicable laws; and
17. where an indication of current reinstatement costs for insurance purposes is required, ME will provide this solely as a guide and without warranty.

ASSUMPTIONS

Unless expressly stated in the Letter of Engagement or below, ME will carry out all valuations on the basis of the following assumptions and shall have no duty to verify them. If any of the following assumptions are subsequently found not to be valid, then this may affect our valuation:

1. the interest in the Property and title to the Property is good and marketable and not subject to any unusual or onerous restrictions, encumbrances or outgoings;
2. there are no pests, plants, animals or diseases present on the Property or adjoining property that would require our valuation to be altered;
3. the information provided or to be provided by the Client is both accurate and complete and that any plans provided or to be provided by the Client of the Property are materially correct and accurately show the legal ownership and area of the Property;
4. any buildings on the Property have been constructed, are and will be used in accordance with all necessary consents, licences, applicable laws and regulations;
5. the Property is not adversely affected, nor likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search (or any national equivalent), replies to usual enquiries, or by any statutory notice and that the condition of the Property and its use or intended use is or will be lawful and that all required planning permissions and statutory approvals for the building and for its use, including any extensions or alterations, have been obtained and complied with;
6. any buildings or structures at or adjoining the Property are structurally sound, and that there are no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or techniques, that would affect the valuation(s);
7. the Property is connected, or capable of being connected without undue expense and on normal terms to all mains services including, gas, electricity, water, telephone broadband internet and sewerage;
8. all utilities or any other services, appliances or equipment at the Property are in good working order and that any testing thereof would not reveal any defects or deficiencies that would affect our valuation;
9. any parts of the Property we do not inspect are in good condition and free of defects;
10. any building or structural survey, intrusive survey, asbestos survey, fire risk assessment, access audit or energy performance survey, soil survey, archaeological survey, ecological survey, species or habitat survey would not reveal anything that would affect our valuation;
11. all services to the Property and all roads giving access to the Property have been adopted, and that unrestricted access is provided to the Property over all roadways, pathways, corridors, stairways, communal grounds, parking and other areas;
12. in the case of new constructed residential property, the builder is a registered member of the NHBC, the Zurich Municipal Mutual or equivalent and will construct the property to obtain its cover under those memberships;
13. where the Property is tenanted, that the tenant is capable of meeting their obligations and that there are not rent arrears or undisclosed breaches of covenant (where comment is made in respect of a tenant's financial strength, this is only based on the latest credit rating information available to us; no warranty is implied or given in respect of the financial strength of any tenant), or where the property is vacant, that vacant possession is provided;
14. any tenant rental arrears or service charge deficits have been expressly made clear to us, and in the absence of such information we assume all rental and other payments are up to date, with no arrears;
15. where the Property comprises flats or maisonettes, the costs of repairs and maintenance of the Property and grounds are shared equitably between the flats or maisonettes for the block, there are suitable mutually enforceable covenants between all leaseholders

(who are assumed to be jointly liable) and the freeholder/feuholder, that there are no onerous liabilities outstanding and that there are no substantial defects or other matters requiring expenditure expected to result in charges to the leaseholder or freeholder/feuholder of the Property during the next five years equivalent to 10% or more of the reported market value;

16. where the Property is residential leasehold:
 - a. the unexpired lease term is not less than 70 years, at a typical level of ground rent, with no exceptional or onerous covenants upon the leaseholder, and we assume that no enforcement action has been taken by any eligible party with a view to acquiring a freehold or extending the lease term, and that the lease cannot be determined, with all lease terms mutually enforceable;
 - b. with regard to blocks, all leases to tenanted properties are substantially the same, the properties in the building being materially similar and the Property is directly and professionally managed by bonded managing agents; and
 - c. there are no unusual restrictions on assignment or subletting of the Property for residential purposes, no outstanding claims or litigation concerning any leases of the Property (or other properties within the same development), and where the Property benefits from additional amenities within a development, the lease makes adequate provision for the continued enjoyment of them (at no additional charge for such use or maintenance) and for those amenities to be maintained adequately;
17. there are no adverse site or soil conditions, the Property is not adversely affected by the Town and Country Planning (Assessment of Environmental Effects) Regulations 1988, the ground does not contain any archaeological remains, and there is no other matter that would require any allowance for exceptional delay or site or construction costs in our valuation;
18. all flank walls are Party Walls, satisfactory arrangements exist for their maintenance and there are no outstanding notices relating to the Property under the Party Wall etc. Act 1996;
19. no hazardous or deleterious materials or techniques such as high alumina cement, calcium chloride additives, woodwool slabs or asbestos were used in the construction of the Property or have since been incorporated;
20. the Property or neighbouring property is not, and does not have the potential to be, polluted or contaminated or affected by other environmental matters such as mining; and
21. appropriate all risks insurance cover is in place and will continue to be available on commercially acceptable terms, and there are no outstanding claims or disputes; and
22. there are no ongoing insurance claims or disputes relating to the Property (e.g. boundary disputes).

Any additional assumptions to those stated above will be agreed with you in advance and detailed in our report(s).

APPENDIX B

MONTAGU EVANS LLP – TERMS OF BUSINESS – VALUATION SERVICES

The accompanying letter including any appendices (the "Letter of Engagement") may expressly vary the Terms of Business set out below and explains how our fees are calculated. In the event of conflict or inconsistency between the Letter of Engagement and these Terms of Business, the content of the Letter of Engagement shall prevail to the extent of such conflict or inconsistency. You will not be deemed to have instructed us until you have signed and returned to us a copy of the Letter of Engagement, confirming your agreement to our fees, costs, charges and Terms of Business and giving your authority for us to proceed.

The Letter of Engagement and these Terms of Business (once agreed by you) shall constitute the Agreement. The Agreement shall commence on the date that we receive your agreement as provided above (the "Commencement Date").

The services to be delivered by us under the Agreement shall be as set out in the Letter of Engagement (or as amended by agreement between you and us at any time) (the "Services").

In the Agreement:

"Client" means the person to whom ME is to provide services in accordance with the Agreement and includes the person to whom the Letter of Engagement is addressed (and "you" and "your" shall be interpreted accordingly);

"Code of Practice" means the Code of Practice 2021 published by the Royal Institution of Chartered Surveyors (RICS);

"ME" means Montagu Evans LLP whose registered office is at 70 St Mary Axe, London, EC3A 8BE and any company or limited liability partnership which is in the same group as that LLP (and "we", "us" and "our" shall be interpreted accordingly); and

"Red Book" means the latest edition of Red Book – Global Standards and UK National Supplement published by the Royal Institution of Chartered Surveyors (RICS).

1. Valuation Service – Our Responsibilities

- 1.1 ME shall seek to provide a service such as would be expected of a national firm of consultant surveyors in a proper professional manner and shall perform the Services with all reasonable care and skill and shall act in good faith at all times. Any inspections we carry out will be to a degree we consider to be reasonable, in our professional opinion, taking into account the specific nature of the instruction.
- 1.2 The terms implied by sections 3 to 5 of the Supply of Goods and Services Act 1982 (or any updated, revised or replacement legislation) are, to the fullest extent permitted by law, excluded from the Agreement. Where you are a consumer, the provisions of the Consumer Rights Act 2015 shall apply in respect of the services provided under the Agreement. This gives consumers additional rights, details of which can be found on the Citizens Advice website.
- 1.3 ME will not be liable for a failure to act where information requested by ME is not provided by the Client to ME when requested, or where the Client fails to inform ME of a relevant material change in circumstance.

2. Our fees, costs and charges

- 2.1 The Client is personally responsible for and guarantees payment of our fees, costs and charges as set out herein and in the Letter of Engagement even if the relevant property is held in the name of a different person. If more than one party is to be responsible for ME's fees, costs and charges, the Letter of Engagement must be signed by all relevant parties (including any guarantor) and their liability (including their obligation to provide any information reasonably required by ME for the performance of the Services) will be joint and several.
- 2.2 If, in connection with Services, the resolution of a dispute with a third party is the subject of litigation or an appeal, all costs including legal fees, court or tribunal costs in connection with such appeal shall be the sole liability of the Client and shall either be paid for direct by the Client or be recharged to the Client by ME as a disbursement and the Client shall indemnify ME in respect of any liability or loss in such matters.

- 2.3 In the case of Services for which our fees are to be paid or reimbursed by a third party the following shall apply:
- 2.3.1 for work in connection with compulsory purchase, wayleaves, the grant of easements and similar work where the acquiring or statutory body is to make a contribution to our professional fees, the Client remains liable for payment of our invoice. Payment of our invoice will not be conditional upon receipt by the Client of any reimbursement of fees or any compensation payment; and
 - 2.3.2 in the case of valuations for loan security purposes where it is agreed that the borrower is responsible for payment of our fees, the Client nevertheless guarantees payment of our fees and we shall be entitled to recover payment of the same from you in the event that the sums are not paid by the borrower for any reason. Payment of our fees shall not be conditional upon the drawdown or any other aspect of the proposed loan; and
 - 2.3.3 for all other areas of work, payment of our invoice by you shall not be delayed because of non-payment of the third party reimbursement.

3 Terms of payment

- 3.1 The basis of ME's fees is set out in the Letter of Engagement. Unless otherwise stated in the Letter of Engagement the Client shall be liable to pay ME's fees either on completion of the Services, or in instalments determined by ME at its sole discretion. Payments are due on the date of the invoice and the final date for payment by the Client shall be 28 days from the date of the invoice.
- 3.2 ME shall be entitled to invoice the Client for disbursements at the time when reasonably and necessarily incurred by ME and such accounts shall be payable by the Client whether or not the Client withdraws its instructions provided such disbursements:
- 3.2.1 shall not include any mark ups or administrative fees; and
 - 3.2.2 shall have been expressly authorised in advance by the Client.
- Invoices for disbursements are due for payment on presentation. ME reserves the right to require substantial costs and charges to be paid in advance. ME also reserves the right to arrange for suppliers to invoice the Client directly for services supplied.
- 3.3 Where Services are provided by ME on an hourly rate or consultancy basis our rates will apply to all time we spend delivering the Services (including but not limited to travel, waiting for appointments, site visits, meetings and preparation of documents). We will maintain time sheets on a daily basis, but if you have any specific reporting requirements these should be notified to ME before entering into the Agreement.
- 3.4 On or after the first anniversary of the Commencement Date, and on an annual basis thereafter, we shall be entitled to increase our fees for work not already executed by giving you not less than 30 days' prior written notice.
- 3.5 Where you are not willing to accept any increase in fees proposed under Clause 3.4 above, you may terminate the Agreement by providing us with 14 days' prior written notice. Upon termination under this Clause 3.5, you shall be liable for all charges incurred up to and including the termination date.
- 3.6 VAT will be payable where applicable at the prevailing rate on all fees, out of pocket expenses and disbursements.
- 3.7 ME reserves the right to charge the Client interest (both before and after any judgment) on any unpaid invoice at the rate of 3% per annum above the base lending rate of Barclays Bank plc calculated on a daily basis from the date 28 days after the date of issue of its invoice until the date of settlement in full.

4 Assignment

You shall not assign, transfer, mortgage, charge, subcontract, delegate, declare a trust over or deal in any other manner with any part of the Services or any of your rights and/or obligations under the Agreement without our prior written consent. Where you by your act or omission do so, you shall indemnify us against all liabilities, costs, expenses, damages and losses (of any type and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other reasonable professional costs and expenses) that we may suffer or incur arising from or in connection with a third party claim relating to the Services. We may assign or transfer any or all of our rights and obligations under the Agreement to any affiliate (being any entity that directly or indirectly

controls, or is controlled by, or is under common control with us) provided that such affiliate agrees in writing with us to be bound by our obligations under the Agreement.

5 Limitation of Liability

- 5.1 Subject to Clauses 5.2 and 5.3, the total aggregate liability of ME and that of our partners, members, employees or agents or any of them to you for all claims arising from the same set of circumstances or connected circumstances whether in contract, tort (including negligence) or otherwise for damage caused by, or arising from, our engagement for the supply of the Services by us to you pursuant to these Terms of Business shall be limited to a maximum of £10,000,000 (ten million pounds).
- 5.2 Subject to Clause 5.3, ME shall not in any event be liable (under contract, tort, statute, negligence or otherwise) for any loss of profit or loss of business or loss of any anticipated saving or benefit or any indirect or consequential loss or suffered by you or any other person as a result of or in connection with the performance or non-performance of the Services under the Agreement.
- 5.3 Nothing in this Clause 5 shall exclude or limit our liability for:
- 5.3.1 fraud, fraudulent misrepresentation or dishonesty of ME, its partners, members, employees or agents;
 - 5.3.2 death or personal injury caused by our negligence or that of our partners, members, employees or agents;
 - 5.3.3 breach of the terms implied by section 2 of the Supply of Goods and Services Act 1982 (title and quiet possession) or (in respect of consumers) rights you may have under the Consumer Rights Act 2015, or
 - 5.3.4 any other liability which cannot be limited or excluded by law.
- 5.4 ME may rely on information provided by third parties in relation to the Property/Properties in order to provide the Services. Subject to Clause 1.1, we accept no liability or responsibility for any loss or damage arising out of our reasonable reliance on such information (including but not limited to any error(s) contained within any reports which are the result of our reliance on such information).
- 5.5 You may, before agreeing to these Terms of Business, request that we accept a greater liability in respect of a potential loss than is set out in this Clause 5. If you do so, we will notify you in writing whether or not we accept such greater liability and what additional fee will be payable by you in this respect.
- 5.6 Any proceedings arising from or in connection with the Services supplied by us under the Agreement must be commenced within three years from the date when you became aware of or ought reasonably to have become aware of the facts which give rise to the alleged liability of us and in any event not later than three years after any alleged breach of contract or act of negligence or commission of any other tort.
- 5.7 We accept no liability or responsibility for the security, maintenance or repair of, or for any damage to any premises or properties to which the Services relate. The Client shall take all necessary action to protect such premises or property and to ensure that they have adequate insurance cover in place at all times.
- 5.8 So far as is lawful, our partners, members and employees will not incur any separate or individual responsibility or liability whatsoever for any loss or damage suffered by you or any third party howsoever such loss or damage shall have been occasioned, any such liability being the liability of ME. In any event, such persons carrying out work for you shall be entitled to the protection of all the limitations, exclusions, qualifications and defences that are available to us under the Agreement.

6 Termination

- 6.1 Unless otherwise agreed, the Agreement shall expire on our completion of the delivery of the Services. Any outstanding invoices must be paid by the Client in accordance with these Terms of Business notwithstanding the expiry of the Agreement.
- 6.2 Prior to expiry, the Agreement may be terminated by ME or the Client on not less than 1 month's prior written notice. Where the Agreement is terminated under this Clause 6.2 prior to completion of the Services, ME shall be entitled to charge:

- a) a fair and reasonable proportion of the full fees which would have been payable if the work had been carried through to a conclusion; or
 - b) a reasonable sum for all the work undertaken up to and including the date of termination based on quantum merit; and
 - c) any outstanding disbursements properly incurred by ME.
- 6.3 We may, without liability, terminate the Agreement or, at our option, suspend the provision of any Services immediately on written notice if you fail to pay any sum due to us in accordance with the Agreement.
- 6.4 If either party is in material breach of the Agreement, the other may immediately terminate the Agreement if the breach is incapable of remedy; or if it is capable of remedy, the other party shall serve on the defaulting party at least 28 days' notice requiring such breach to be remedied and, if such breach is not remedied, the Agreement shall automatically terminate.
- 6.5 Either party may at its discretion immediately on notice in writing to the other party, terminate the Agreement if the other party becomes insolvent, ceases, or threatens to cease, to carry on business, an encumbrancer takes possession or a receiver is appointed over any of that party's property or assets, that party makes any voluntary arrangement with its creditors or enters into administration or goes into liquidation or bankruptcy (or the nearest legal equivalent in any jurisdiction).
- 6.6 Within 28 days after termination of the Agreement howsoever caused, we shall submit an account for all fees, costs, expenses and disbursements payable by you and you shall pay all such fees, costs, expenses and disbursements in accordance with Clause 3 above.
- 6.7 Clauses 5 (Limitation of Liability), 7 (Complaints), 10 (Applicable Law and Jurisdiction), 11 (Employees, Data Protection and IPR), 12 (Anti-bribery and Corruption) and 13 (General) will remain fully in force notwithstanding the termination or expiry of the Agreement.
- 6.8 Termination or expiry of the Agreement shall not affect any rights, remedies, obligations or liabilities of the parties that have accrued up to the date of termination or expiry, including the right to claim damages in respect of any breach of the Agreement which existed at or before the date of termination or expiry.

7 Complaints

We operate a formal procedure for dealing with complaints, a copy of which is available on request. Our complaints procedure does not apply to any expert witness services or advice, which is separately regulated.

8 [The Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#), [Proceeds of Crime Act 2002](#), [Terrorism Act 2000](#), [Criminal Finances Act 2017](#)

- 8.1 Legislation on money laundering and terrorist financing requires us to obtain and have copies of satisfactory evidence of the identity of our clients and their addresses and sometimes of people related to them. Such evidence will be maintained on our records for a minimum of six years.
- 8.2 If required, we will ask you for evidence of identification and current address and we may perform identity verification checks against third party databases, including using electronic media and by accepting to enter into the Agreement you consent to us using your personal information for this purpose. Where we know or suspect that a transaction on behalf of a client involves money laundering or terrorist financing, we may be required to make a money laundering disclosure. If this happens, we may for legal or regulatory reasons not be able to inform you that a disclosure has been made or the reasons for it and we may have to stop delivering any Services for a period of time and may not be able to tell you why.
- 8.3 The documents you may be asked to produce (we will need to see the originals and obtain photocopies) include a passport or photo driving licence, and proof of your address in the form of a recent utility bill, bank account statement or credit card statement. Copies of these documents will be maintained on file for a period of at least six years. By signing the Letter of Engagement you agree to provide us promptly with all relevant information if requested to do so and we shall process all such information in accordance with Clause 11.

9 Conflicts of interest

- 9.1 ME operates an internal policy for identifying and managing conflicts of interest. If, where a conflict arises, we advise that the conflict requires us to cease providing any Services then the Agreement shall terminate in respect of the relevant part of the Services with immediate effect. ME shall be free to act for other clients while we are acting for you unless we have a conflict of interest.
- 9.2 From time to time, ME and/or our members may have interests in other businesses. As part of our internal process we will undertake a Conflict of Interest (COI) check prior to entry into the Agreement and an additional COI check where, in our discretion, we believe it would be prudent to do so. Should any related firm be identified within that process then it will be considered that a potential conflict of interest exists. We will ask you to confirm that you understand the nature of this interest and explain to you how your instruction will be managed to mitigate the effects of any conflict of interest.

10 Applicable Law and Jurisdiction

The Agreement and any dispute or claim (including non-contractual disputes or claims) shall be governed by the laws of England and Wales and any dispute or claim under the Agreement or arising out of or in connection with its subject matter shall be subject to the exclusive jurisdiction of the English and Welsh courts.

11 Employees, Data Protection and IPR

- 11.1 You shall not, without our prior written consent, solicit or entice away or attempt to entice away or authorise the taking of such action by any other person, any member of our staff who has been performing or assisting in the performance of the Services for a period of six months following the end of any such involvement by the individual concerned.
- 11.2 Where you have provided us with your personal information, we will use your information in our working relationship, primarily for the provision of the Services and for related purposes as set out in our Privacy Policy which can be found at www.montagu-evans.co.uk/privacy <http://www.montagu-evans.co.uk/privacy> and is available on request. Purposes for which we may use your information include but are not limited to updating and enhancing client records, carrying out identity verification, credit or anti-fraud checks using third party databases (which may involve disclosure to registered credit reference or fraud prevention agencies who may retain and use this personal information), analysis to help us manage our practice, statutory returns and legal and regulatory compliance. Where you have provided us with the personal information of other parties, you confirm that you have permission to provide such information to us for the purposes set out in this Clause 11.2.
- 11.3 Our use of the personal information referred to in Clause 11.2 above is subject to applicable data protection law and our professional duty of confidentiality. Where we have your permission, we may also use this information to contact you by e-mail, telephone, post or other means of secure electronic communication as are agreed with you from time to time, to provide you with details about our products and services and our forthcoming events.
- 11.4 Certain documents may legally belong to you, but we intend to securely destroy general correspondence and other papers that we store which are more than six years old, except for documents that we consider to be of continuing significance which will be retained for a maximum of 15 years. If you want us to keep particular documents, you must instruct us accordingly. Personal data will be retained and deleted as set out in our Privacy Policy.
- 11.5 All intellectual property rights and other rights in all reports, drawings, photographs, accounts and other documents we create, prepare or produce in connection with the Services shall, unless otherwise agreed, be owned by us. Subject to Clause 11.6 below, we license such rights to you on a non-exclusive, non-transferable, royalty-free basis to the extent reasonably required by you to make reasonable use of all such rights in connection with the Services. If the Services terminate then this licence shall terminate automatically and you shall not be entitled to make any further use of such rights or any materials in which they are contained.
- 11.6 Where we supply intellectual property rights to you in connection with the Services and we do not own such rights, our supply is conditional on us obtaining a licence for you to use such materials on such terms as we may notify to you from time to time.

12 Anti-bribery and Corruption

Both parties shall comply at all times with all applicable laws, regulations and guidance relating to anti-bribery and anti-corruption including but not limited to the Bribery Act 2010.

13 General

- 13.1 No variation of the Agreement shall be effective or valid unless it is in writing and signed by the parties.
- 13.2 If a provision of the Agreement is found by a court or administrative body of competent jurisdiction to be invalid or unenforceable, its invalidity or unenforceability shall not affect the other provisions of the Agreement which will continue to have effect. If any provision of the Agreement is so found to be invalid or unenforceable but would be valid or enforceable if some part of the provisions were deleted, the provision in question shall apply with such modification(s) as may be necessary to make it valid.
- 13.3 You are responsible for all health, safety and environmental matters at your property and shall comply with all applicable health and safety laws, regulations, codes of conduct and guidelines. You shall notify us of any risks relating to health and safety at your property and shall provide us with all documentation relating to such risks and the measures in place to manage those risks.
- 13.4 The Agreement constitutes the entire agreement between the parties and supersedes and extinguishes all previous drafts, agreements, arrangements and understandings between them, whether written or oral, relating to its subject matter. Save where you are acting as a consumer (where you may have additional rights as set out in Clause 1.2 above) each party agrees that it shall have no remedies in respect of any representation or warranty (whether made innocently or negligently) that is not set out in the Agreement.
- 13.5 The parties acknowledge that in entering into the terms set out in the Agreement neither has relied on any oral or written representation or undertaking by the other except as expressly incorporated in the Agreement.
- 13.6 A waiver of any right or remedy under the Agreement or by law is only effective if given in writing and shall not be deemed a waiver of any subsequent right or remedy.
- 13.7 A failure or delay by a party to exercise any right or remedy provided under the Agreement or by law shall not constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict any further exercise of that or any other right or remedy. No single or partial exercise of any right or remedy provided under the Agreement or by law shall prevent or restrict the further exercise of that or any other right or remedy.
- 13.8 A party that waives a right or remedy provided under the Agreement or by law in relation to one party, or takes or fails to take any action against that party, does not affect its rights in relation to any other party.

APPENDIX 2.0
MARKET VALUE
WITH SPECIAL
ASSUMPTION OF
VACANT
POSSESSION

				£5,000	£17,025,000			8.93%	Share of OMV
£26,656,020		£15,628,827		£29,080,000	£17,023,850	£27,965,000		9.48%	Full OMV

Home Reach	102	£14,575,877		£27,275,000	£15,838,050				
Your Home	6	£1,052,950		£1,805,000	£1,185,800				
		£15,628,827		£29,080,000	£17,023,850	58.54%			

Matches 'Last year's OMV (before increase)' 62.54

30/09/2022 **9.64%**

PRN	Product	Original OMV Program	Share	OMV share	Product	Address	Post Code	Property Region	Beds (#N/A - no data)	Property Type	2022 ME Market Value	2022 ME Market Value - as share of value	2022 ME Value for indexing	% change from 21 sample	Time elapsed	JJ Indexing comparison	% change since Heylo acquired	AVM difference	Check
P005541	SOAHP	HHSB	£164,995	0.6	£98,997	Home Reach	17a Frankland Chase Great Harwood Blackburn B66 7FQ	BB6 7FQ	North West	2 End Terrace	£175,000	£105,000	£175,000		2.67 yrs	23.30%	6.06%	100%	0
P005540	SOAHP	HHSB	£167,995	0.65	£109,197	Home Reach	17 Frankland Chase Great Harwood Blackburn B66 7FQ	BB6 7FQ	North West	2 House	£175,000	£113,750	£175,000		2.68 yrs	23.30%	4.17%	20%	0
P002289	S106 Standa	HHSB	£215,000	0.75	£161,250	Home Reach	22 Tintagel Way Clitheroe BB7 2RL	BB7 2RL	North West	3 Semi Detached	£230,000	£172,500	£230,000	0.00%	3.30 yrs		6.98%	-16%	0
P004599	SOAHP	HHSB	£198,995	0.65	£129,347	Home Reach	39 Speckled Wood Drive Carlisle Cumbria CA1 3RD	CA1 3RD	North West	3 Detached	£210,000	£136,500	£210,000	5.00%	3.76 yrs	6.32%	5.53%	-15%	0
P004590	SOAHP	HHSB	£165,000	0.75	£123,750	Home Reach	11 Hollyblue Drive Carlisle Cumbria CA1 3RE	CA1 3RE	North West	2 Detached	£190,000	£142,500	£190,000	5.56%	3.76 yrs	6.49%	15.15%	33%	0
P004591	SOAHP	HHSB	£165,000	0.5	£82,500	Home Reach	13 Hollyblue Drive Carlisle Cumbria CA1 3RE	CA1 3RE	North West	3 Detached	£195,000	£97,500	£195,000	8.33%	3.76 yrs	6.32%	18.18%	15%	0
P004594	SOAHP	HHSB	£207,995	0.5	£103,998	Home Reach	37 Hollyblue Drive Carlisle Cumbria CA1 3RE	CA1 3RE	North West	3 Detached	£210,000	£105,000	£210,000		3.76 yrs	6.32%	0.96%	6%	0
P004592	SOAHP	HHSB	£165,000	0.6	£99,000	Home Reach	23 Hollyblue Drive Carlisle Cumbria CA1 3RE	CA1 3RE	North West	3 Detached	£210,000	£126,000	£210,000		3.76 yrs	6.32%	27.27%	22%	0
P004593	SOAHP	HHSB	£185,000	0.5	£92,500	Home Reach	39 Hollyblue Drive Carlisle Cumbria CA1 3RE	CA1 3RE	North West	2 Detached	£195,000	£97,500	£195,000		3.76 yrs	6.49%	5.41%	-10%	0
P004589	SOAHP	HHSB	£165,000	0.4	£66,000	Home Reach	3 Hollyblue Drive Carlisle Cumbria CA1 3RE	CA1 3RE	North West	3 Detached	£190,000	£76,000	£190,000		3.76 yrs	6.32%	15.15%	12%	0
P004588	SOAHP	HHSB	£185,000	0.75	£138,750	Home Reach	1 Copper Way Carlisle Cumbria CA1 3RF	CA1 3RF	North West	2 House	£200,000	£150,000	£200,000	5.26%	3.76 yrs	6.49%	8.11%	-8%	0
P006612	SOAHP	HHSB	£285,000	0.6	£171,000	Home Reach	82 Azera Capstan Road Southampton SO19 9US	SO19 9US	South East	2 Flat	£265,000	£159,000	£265,000		0.92 yrs		-7.02%	19%	0
P004595	SOAHP	HHSB	£144,995	0.75	£108,746	Home Reach	26 Sewell Lane Carlisle Cumbria CA1 3UA	CA1 3UA	North West	3 Semi Detached	£165,000	£123,750	£165,000	10.00%	3.76 yrs	6.32%	13.80%	0%	0
P004597	SOAHP	HHSB	£144,995	0.6	£86,997	Home Reach	46 Sewell Lane Carlisle Cumbria CA1 3UA	CA1 3UA	North West	2 Semi Detached	£175,000	£105,000	£175,000	9.38%	3.76 yrs	6.49%	20.69%	7%	0
P004598	SOAHP	HHSB	£147,995	0.75	£110,996	Home Reach	44 Sewell Lane Carlisle Cumbria CA1 3UA	CA1 3UA	North West	2 Semi Detached	£175,000	£131,250	£175,000	9.38%	3.76 yrs	6.49%	18.25%	12%	0
P004596	SOAHP	HHSB	£147,995	0.5	£73,998	Home Reach	44 Sewell Lane Carlisle Cumbria CA1 3UA	CA1 3UA	North West	2 Semi Detached	£175,000	£87,500	£175,000		3.76 yrs	6.49%	18.25%	16%	0
P004601	SOAHP	HHSB	£257,995	0.6	£154,797	Home Reach	14 Tulip Gardens Penrith Cumbria CA11 8BY	CA11 8BY	North West	3 Detached	£270,000	£162,000	£270,000	3.85%	3.76 yrs	21.52%	4.65%	-10%	0
P004600	SOAHP	HHSB	£256,995	0.75	£192,746	Home Reach	12 Tulip Gardens Penrith Cumbria CA11 8BY	CA11 8BY	North West	3 Detached	£270,000	£202,500	£270,000		3.76 yrs	21.52%	5.06%	-15%	0
P004602	SOAHP	HHSB	£249,996	0.75	£187,497	Home Reach	25 Tulip Gardens Penrith Cumbria CA11 8EQ	CA11 8EQ	North West	3 Detached	£260,000	£195,000	£260,000	4.00%	3.76 yrs	21.52%	4.00%	-13%	0
P004580	SOAHP	HHSB	£156,995	0.31	£48,668	Home Reach	92 Garamara Drive Carlisle Cumbria CA2 6RD	CA2 6RD	North West	3 Mid Terrace	£200,000	£62,000	£200,000		3.76 yrs	13.63%	27.39%	10%	0
P004581	SOAHP	HHSB	£156,995	0.25	£39,249	Home Reach	94 Garamara Drive Carlisle Cumbria CA2 6RD	CA2 6RD	North West	3 House	£200,000	£50,000	£200,000	17.65%	3.76 yrs	13.63%	27.39%	12%	0
P004578	SOAHP	HHSB	£219,995	0.67	£147,397	Home Reach	88 Garamara Drive Carlisle Cumbria CA2 6RD	CA2 6RD	North West	3 House	£220,000	£147,400	£220,000		3.76 yrs	13.63%	0.00%	-14%	0
P004579	SOAHP	HHSB	£219,995	0.68	£149,597	Home Reach	90 Garamara Drive Carlisle Cumbria CA2 6RD	CA2 6RD	North West	3 Detached	£220,000	£149,600	£220,000		3.76 yrs	13.63%	0.00%	-12%	0
P003974	SOAHP	HHSB	£194,950	0.4	£77,980	Home Reach	91 Brompton Drive Apperley Bridge West Yorkshire BD10 0DW	BD10 0DW	Yorkshire and Th	3 Terraced	£245,000	£98,000	£245,000		3.78 yrs	4.58%	25.67%	0%	0
P002821	SOAHP	HHSB	£278,995	0.5	£139,498	Home Reach	3 Bosworth Avenue Hillmorton Rugby Warwickshire CV22 5SE	CV22 5SE	West Midlands	3 House	£280,000	£140,000	£280,000		3.79 yrs	16.16%	0.36%	41%	0
P004573	SOAHP	HHSB	£129,995	0.5	£64,998	Home Reach	27 Bleaberry Way Carlisle Cumbria CA2 6RF	CA2 6RF	North West	2 End Terrace	£140,000	£70,000	£140,000		3.76 yrs	6.52%	7.70%	-5%	0
P004574	SOAHP	HHSB	£127,995	0.65	£83,197	Home Reach	29 Bleaberry Way Carlisle Cumbria CA2 6RF	CA2 6RF	North West	2 Semi Detached	£140,000	£91,000	£140,000	7.69%	3.76 yrs	6.52%	9.38%	-4%	0
P003973	SOAHP	HHSB	£187,500	0.35	£65,625	Home Reach	89 Brompton Drive Apperley Bridge West Yorkshire BD10 0DW	BD10 0DW	Yorkshire and Th	3 Terraced	£245,000	£85,750	£245,000		3.79 yrs	4.58%	30.67%	4%	0
P002714	SOAHP	HHSB	£296,995	0.5	£148,498	Home Reach	18 Crocus Gardens Edwalton Nottinghamshire NG12 4HW	NG12 4HW	East Midlands	3 House	£340,000	£170,000	£340,000		3.79 yrs	15.03%	14.48%	-149%	0
P002928	SOAHP	HHSB	£310,000	0.75	£232,500	Home Reach	60 Hobson Avenue Trumpington Cambridge CB2 9BE	CB2 9BE	East of England	1 Purpose Built Fl	£350,000	£262,500	£350,000	0.00%	3.78 yrs	-9.51%	12.90%	-43%	0
P004575	SOAHP	HHSB	£127,995	0.57	£72,957	Home Reach	31 Bleaberry Way Carlisle Cumbria CA2 6RF	CA2 6RF	North West	2 Semi Detached	£140,000	£79,800	£140,000	7.69%	3.76 yrs	6.52%	9.38%	-4%	0
P004577	SOAHP	HHSB	£134,995	0.75	£101,246	Home Reach	49 Bleaberry Way Carlisle Cumbria CA2 6RF	CA2 6RF	North West	2 Semi Detached	£140,000	£105,000	£140,000	7.69%	3.76 yrs	6.52%	3.71%	-4%	0
P004638	Your Home	HHSB	£265,000	0.78	£206,700	Your Home	15 Langham Road Wellingborough Northamptonshire NN9 6LB	NN9 6LB	East Midlands	4 Semi Detached	£275,000	£214,500	£275,000		3.84 yrs	14.94%	3.77%	2%	0
P004811	Your Home	HHSB	£250,000	0.2	£50,000	Your Home	16 Bridesfield Crescent Waterlooville Hampshire PO8 8QY	PO8 8QY	South East	3 Semi Detached	£270,000	£54,000	£270,000		3.20 yrs	22.22%	8.00%	-22%	0
P004585	SOAHP	HHSB	£176,995	0.75	£132,746	Home Reach	22 Raisbeck Close Carlisle Cumbria CA3 0FN	CA3 0FN	North West	3 House	£190,000	£142,500	£190,000		3.76 yrs	14.45%	7.35%	-12%	0
P009153	SOAHP	HHSB	£710,000	0.75	£532,500	Home Reach	5 Franklin Gardens East Hanney Wantage OX12 0GH	OX12 0GH	South East	4 Detached	£760,000	£570,000	£760,000		0.83 yrs	1.85%	7.04%	7%	0
P009730	Other	HHSB	£260,000	0.7	£182,000	Home Reach	26 Tumbling Weir Court Tumbling Weir Way Ottery St Mary EX11 1GP	EX11 1GP	South West	1 Purpose Built Fl	£300,000	£210,000	£300,000		1.74 yrs	-12.77%	15.38%	10%	0
P004584	SOAHP	HHSB	£207,995	0.75	£155,996	Home Reach	12 Raisbeck Close Carlisle Cumbria CA3 0FN	CA3 0FN	North West	3 Semi Detached	£240,000	£180,000	£240,000		3.76 yrs	14.45%	15.39%	0%	0
P004582	SOAHP	HHSB	£229,995	0.5	£114,998	Home Reach	4 Raisbeck Close Carlisle Cumbria CA3 0FN	CA3 0FN	North West	3 Detached	£250,000	£125,000	£250,000	11.11%	3.76 yrs	14.45%	8.70%	6%	0
P002929	SOAHP	HHSB	£400,000	0.7	£280,000	Home Reach	62 Hobson Avenue Trumpington Cambridge CB2 9BE	CB2 9BE	East of England	2 Purpose Built Fl	£435,000	£304,500	£435,000	8.75%	3.78 yrs	21.45%	8.75%	-16%	0
P009729	Other	HHSB	£250,000	0.6	£150,000	Home Reach	7 Tumbling Weir Court Tumbling Weir Way Ottery St Mary EX11 1GP	EX11 1GP	South West	1 Purpose Built Fl	£300,000	£180,000	£300,000		1.74 yrs	-12.77%	20.00%	-4%	0
P004583	SOAHP	HHSB	£179,995	0.4	£71,998	Home Reach	6 Raisbeck Close Carlisle Cumbria CA3 0FN	CA3 0FN	North West	3 Semi Detached	£240,000	£96,000	£240,000	0.00%	3.76 yrs	14.45%	33.34%	11%	0
P002932	SOAHP	HHSB	£330,000	0.3	£99,000	Home Reach	68 Hobson Avenue Trumpington Cambridge CB2 9BE	CB2 9BE	East of England	1 Purpose Built Fl	£350,000	£105,000	£350,000	0.00%	3.78 yrs	-9.51%	6.06%	-43%	0
P002936	SOAHP	HHSB	£420,000	0.7	£294,000	Home Reach	76 Hobson Avenue Trumpington Cambridge CB2 9BE	CB2 9BE	East of England	1 Purpose Built Fl	£450,000	£315,000	£450,000	5.88%	3.78 yrs	-9.51%	7.14%	-13%	0
P002931	SOAHP	HHSB	£410,000	0.6	£246,000	Home Reach	66 Hobson Avenue Trumpington Cambridge CB2 9BE	CB2 9BE	East of England	1 Purpose Built Fl	£470,000	£282,000	£470,000		3.78 yrs	-9.51%	14.63%	-10%	0
P002905	SOAHP	HHSB	£380,000	0.5	£190,000	Home Reach	7 Duck Hook Walk Northstowe Cambridgeshire CB24 1BA	CB24 1BA	East of England	3 House	£390,000	£195,000	£390,000		3.79 yrs	11.85%	2.63%	-21%	0
P004587	SOAHP	HHSB	£187,995	0.5	£93,998	Home Reach	26 Raisbeck Close Carlisle Cumbria CA3 0FN	CA3 0FN	North West	3 Detached	£230,000	£115,000	£230,000	6.98%	3.76 yrs	14.45%	22.34%	2%	0
P002903	SOAHP	HHSB	£380,000	0.5	£190,000	Home Reach	5 Duck Hook Walk Northstowe Cambridgeshire CB24 1BA	CB24 1BA	East of England	3 House	£390,000	£195,000	£390,000	5.41%	3.79 yrs	11.85%	2.63%	-21%	0
P002906	SOAHP	HHSB	£380,000	0.5	£190,000	Home Reach	8 Duck Hook Walk Northstowe Cambridgeshire CB24 1BA	CB24 1BA	East of England	3 House	£390,000	£195,000	£390,000	5.41%	3.79 yrs	11.85%	2.63%	-21%	0
P002908	SOAHP	HHSB	£360,000	0.5	£180,000	Home Reach	10 Duck Hook Walk Northstowe Cambridgeshire CB24 1BA	CB24 1BA	East of England	3 House	£365,000	£182,500	£365,000	2.82%	3.79 yrs	11.85%	1.39%	-24%	0
P002900	SOAHP	HHSB	£380,000	0.5	£190,000	Home Reach	2 Duck Hook Walk Northstowe Cambridgeshire CB24 1BA												

APPENDIX 3.0

SCHEDULE OF ACCOMMODATION

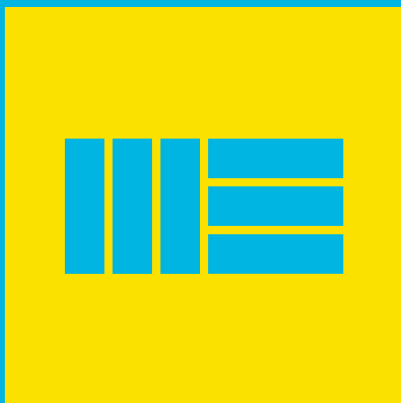
No.	Reference	Description	Type	Status	Tenure	Reg. Provider	Current Heylo %	Current Tenant %	Programme	Property Owner Name	Lease Start Date	Lifespan Acquired	Lease Type	Monthly Rent	Initial OMV	RHS OMV
1	P002289	22 Tintagel Way Clitheroe	Semi Detached	Active	Freehold	Yes	75	75	25 Section 106	Heylo Housing Secured	06-Dec-19	06-Dec-19	Shared Ownership	398	215,000	161,250
2	P002714	18 Crocus Gardens Edwalton	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	14-Dec-18	14-Dec-18	Shared Ownership	377	296,995	148,498
3	P002819	1 Bosworth Avenue Hillmorton Rugby	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	14-Dec-18	14-Dec-18	Shared Ownership	354	278,995	139,498
4	P002821	3 Bosworth Avenue Hillmorton Rugby	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	14-Dec-18	14-Dec-18	Shared Ownership	354	278,995	139,498
5	P002900	2 Duck Hook Walk Northstowe	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	14-Dec-18	14-Dec-18	Shared Ownership	482	380,000	190,000
6	P002901	3 Duck Hook Walk Northstowe	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	17-Dec-18	18-Dec-18	Shared Ownership	482	380,000	190,000
7	P002903	5 Duck Hook Walk Northstowe	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	14-Dec-18	14-Dec-18	Shared Ownership	482	380,000	190,000
8	P002905	7 Duck Hook Walk Northstowe	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	14-Dec-18	18-Dec-18	Shared Ownership	482	380,000	190,000
9	P002906	8 Duck Hook Walk Northstowe	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	14-Dec-18	14-Dec-18	Shared Ownership	482	380,000	190,000
10	P002908	10 Duck Hook Walk Northstowe	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	14-Dec-18	14-Dec-18	Shared Ownership	457	360,000	180,000
11	P002909	11 Duck Hook Walk Northstowe	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	14-Dec-18	14-Dec-18	Shared Ownership	457	360,000	180,000
12	P002928	60 Hobson Avenue Trumpington	PurposeBuilt Flat	Active	Leasehold	Yes	75	25	50 SOAHP CME	Heylo Housing Secured	04-Dec-20	21-Dec-18	Shared Ownership	564	310,000	232,500
13	P002929	62 Hobson Avenue Trumpington	PurposeBuilt Flat	Active	Leasehold	Yes	70	30	50 SOAHP CME	Heylo Housing Secured	20-Nov-20	21-Dec-18	Shared Ownership	679	400,000	280,000
14	P002931	66 Hobson Avenue Trumpington	PurposeBuilt Flat	Active	Leasehold	Yes	60	40	50 SOAHP CME	Heylo Housing Secured	13-Sep-19	21-Dec-18	Shared Ownership	621	410,000	246,000
15	P002932	68 Hobson Avenue Trumpington	PurposeBuilt Flat	Active	Leasehold	Yes	30	70	50 SOAHP CME	Heylo Housing Secured	07-Feb-20	21-Dec-18	Shared Ownership	243	330,000	99,000
16	P002936	76 Hobson Avenue Trumpington	PurposeBuilt Flat	Active	Leasehold	Yes	70	30	50 SOAHP CME	Heylo Housing Secured	15-Aug-19	21-Dec-18	Shared Ownership	743	420,000	294,000
17	P002952	7 George Elliston Road Ipswich	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	14-Dec-18	14-Dec-18	Shared Ownership	425	334,995	167,498
18	P003053	52 Palmer Crescent Warwick	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	14-Dec-18	14-Dec-18	Shared Ownership	381	299,995	149,998
19	P003054	54 Palmer Crescent Warwick	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	14-Dec-18	14-Dec-18	Shared Ownership	400	314,995	157,498
20	P003055	14 Taylor Way Warwick	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	14-Dec-18	14-Dec-18	Shared Ownership	400	314,995	157,498
21	P003056	16 Taylor Way Warwick	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	14-Dec-18	14-Dec-18	Shared Ownership	400	314,995	157,498
22	P003084	40 Falcon Crescent Costessey	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	17-Dec-18	17-Dec-18	Shared Ownership	287	226,000	113,000
23	P003085	42 Falcon Crescent Costessey	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	14-Dec-18	14-Dec-18	Shared Ownership	287	226,000	113,000
24	P003335	22 Cardinal Court Bishophill Junior York	PurposeBuilt Flat	Active	Leasehold	No	65	35	Other	Heylo Housing Secured	20-Dec-19	01-Mar-21	Shared Ownership	490	374,999	243,749
25	P003394	3 Falcon Way Nantwich	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	14-Dec-18	14-Dec-18	Shared Ownership	286	224,995	112,498
26	P003399	13 Falcon Way Nantwich	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	14-Dec-18	14-Dec-18	Shared Ownership	286	224,995	112,498
27	P003448	22 Luna St James 12 St James Road Brentwood	PurposeBuilt Flat	Active	Leasehold	Yes	50	50	Section 106	Heylo Housing Secured	17-Jan-20	17-Jan-20	Shared Ownership	441	359,500	179,750
28	P003594	39 Peregrine Square Brayton	Detached	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	17-Dec-18	17-Dec-18	Shared Ownership	254	199,950	99,975
29	P003946	21 Fenton Drive West Ayton	Detached	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	19-Dec-18	19-Dec-18	Shared Ownership	222	174,950	87,475
30	P003958	19 Griffin Road Brampton Huntingdon	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	18-Dec-18	18-Dec-18	Shared Ownership	381	299,995	149,998
31	P003973	89 Brompton Drive Apperley Bridge	Terraced	Active	Freehold	Yes	35	65	50 SOAHP CME	Heylo Housing Secured	17-Dec-18	17-Dec-18	Shared Ownership	167	187,500	65,625
32	P003974	91 Brompton Drive Apperley Bridge	Terraced	Active	Freehold	Yes	40	60	50 SOAHP CME	Heylo Housing Secured	18-Dec-18	18-Dec-18	Shared Ownership	198	194,950	77,980
33	P003986	30 Heather Drive Pontefract	Semi Detached	Active	Freehold	Yes	39	61	50 SOAHP CME	Heylo Housing Secured	31-Jan-20	31-Jan-20	Shared Ownership	163	170,000	66,300
34	P004520	21 Lingfield Stacey Buses Milton Keynes	Detached	Active	Freehold	No	55	45	No S106 Req	Heylo Housing Secured	23-Nov-18	23-Nov-18	Shared Ownership (YH)	664	265,000	145,750
35	P004558	55 Ashworth Road Lytham St Annes	Detached	Active	Freehold	Yes	75	25	50 SOAHP CME	Heylo Housing Secured	24-Jul-19	28-Dec-18	Shared Ownership	388	204,995	153,746
36	P004559	59 Ashworth Road Lytham St Annes	Detached	Active	Freehold	Yes	75	25	50 SOAHP CME	Heylo Housing Secured	06-Sep-19	28-Dec-18	Shared Ownership	417	220,000	165,000
37	P004560	69 Ashworth Road Lytham St Annes	Detached	Active	Freehold	Yes	75	25	50 SOAHP CME	Heylo Housing Secured	13-Dec-19	28-Dec-18	Shared Ownership	387	208,995	156,746
38	P004561	75 Ashworth Road Lytham St Annes	Detached	Active	Freehold	Yes	75	25	50 SOAHP CME	Heylo Housing Secured	21-Jun-19	28-Dec-18	Shared Ownership	432	227,995	170,996
39	P004562	102 Ashworth Road Lytham St Annes	House	Active	Freehold	Yes	75	25	50 SOAHP CME	Heylo Housing Secured	02-Aug-19	28-Dec-18	Shared Ownership	417	220,995	165,746
40	P004563	104 Ashworth Road Lytham St Annes	Detached	Active	Freehold	Yes	70	30	50 SOAHP CME	Heylo Housing Secured	03-Feb-20	28-Dec-18	Shared Ownership	344	199,995	139,997
41	P004565	70 St Georges Quay Lancaster	Mid Terrace	Active	Freehold	Yes	75	25	50 SOAHP CME	Heylo Housing Secured	25-Oct-19	28-Dec-18	Shared Ownership	388	209,995	157,496
42	P004566	71 St Georges Quay Lancaster	Mid Terrace	Active	Freehold	Yes	75	25	50 SOAHP CME	Heylo Housing Secured	20-Sep-19	28-Dec-18	Shared Ownership	388	204,995	153,746
43	P004567	72 St Georges Quay Lancaster	Mid Terrace	Active	Freehold	Yes	60	40	50 SOAHP CME	Heylo Housing Secured	13-Dec-19	28-Dec-18	Shared Ownership	303	204,995	122,997
44	P004568	73 St Georges Quay Lancaster	End Terrace	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	30-Aug-19	28-Dec-18	Shared Ownership	265	209,995	104,998
45	P004569	75 St Georges Quay Lancaster	House	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	28-Jun-19	28-Dec-18	Shared Ownership	265	209,995	104,998
46	P004570	76 St Georges Quay Lancaster	Mid Terrace	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	26-Jul-19	28-Dec-18	Shared Ownership	259	204,995	102,498
47	P004571	77 St Georges Quay Lancaster	Mid Terrace	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	29-Aug-19	28-Dec-18	Shared Ownership	259	204,995	102,498
48	P004572	16 William Priestly Park Lancaster	Detached	Active	Freehold	Yes	55	45	50 SOAHP CME	Heylo Housing Secured	28-Jun-19	28-Dec-18	Shared Ownership	333	239,995	131,997
49	P004573	27 Bleaberry Way Carlisle	End Terrace	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	06-Sep-19	28-Dec-18	Shared Ownership	164	129,995	64,998
50	P004574	29 Bleaberry Way Carlisle	Semi Detached	Active	Freehold	Yes	65	35	50 SOAHP CME	Heylo Housing Secured	29-Nov-19	28-Dec-18	Shared Ownership	205	127,995	83,197
51	P004575	31 Bleaberry Way Carlisle	Semi Detached	Active	Freehold	Yes	57	43	50 SOAHP CME	Heylo Housing Secured	05-Nov-19	28-Dec-18	Shared Ownership	180	127,995	72,957
52	P004577	49 Bleaberry Way Carlisle	Semi Detached	Active	Freehold	Yes	75	25	50 SOAHP CME	Heylo Housing Secured	08-Nov-19	28-Dec-18	Shared Ownership	250	134,995	101,246
53	P004578	88 Glaramara Drive Carlisle	House	Active	Freehold	Yes	67	33	50 SOAHP CME	Heylo Housing Secured	24-Jul-19	28-Dec-18	Shared Ownership	372	219,995	147,397
54	P004579	90 Glaramara Drive Carlisle	Detached	Active	Freehold	Yes	68	32	50 SOAHP CME	Heylo Housing Secured	23-Aug-19	28-Dec-18	Shared Ownership	378	219,995	149,597
55	P004580	92 Glaramara Drive Carlisle	Mid Terrace	Active	Freehold	Yes	31	69	50 SOAHP CME	Heylo Housing Secured	06-Sep-19	28-Dec-18	Shared Ownership	123	156,995	48,668
56	P004581	94 Glaramara Drive Carlisle	House	Active	Freehold	Yes	25	75	50 SOAHP CME	Heylo Housing Secured	05-Jul-19	28-Dec-18	Shared Ownership	99	156,995	39,249
57	P004582	4 Raisbeck Close Carlisle	Detached	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	04-Jul-19	28-Dec-18	Shared Ownership	290	229,995	114,998
58	P004583	6 Raisbeck Close Carlisle	Semi Detached	Active	Freehold	Yes	40	60	50 SOAHP CME	Heylo Housing Secured	13-Mar-20	28-Dec-18	Shared Ownership	177	179,995	71,998
59	P004584	12 Raisbeck Close Carlisle	Semi Detached	Active	Freehold	Yes	75	25	50 SOAHP CME	Heylo Housing Secured	31-Oct-19	28-Dec-18	Shared Ownership	385	207,995	155,996
60	P004585	22 Raisbeck Close Carlisle	House	Active	Freehold	Yes	75	25	50 SOAHP CME	Heylo Housing Secured	19-Jul-19	28-Dec-18	Shared Ownership	335	176,995	132,746
61	P004586	24 Raisbeck Close Carlisle	Semi Detached	Active	Freehold	Yes	75	25	50 SOAHP CME	Heylo Housing Secured	05-Mar-20	28-Dec-18	Shared Ownership	383	207,995	155,996
62	P004587	26 Raisbeck Close Carlisle	Detached	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	11-Oct-19	28-Dec-18	Shared Ownership	232	187,995	93,998
63	P004588	1 Copper Way Carlisle	House	Active	Freehold	Yes	75	25	50 SOAHP CME	Heylo Housing Secured	17-Jan-20	28-Dec-18	Shared Ownership	340	185,000	138,750
64	P004589	3 Hollyblue Drive Carlisle	Detached	Active	Freehold	Yes	40	60	50 SOAHP CME	Heylo Housing Secured	06-Feb-20	28-Dec-18	Shared Ownership	162	165,000	66,000
65	P004590	11 Hollyblue Drive Carlisle	Detached	Active	Freehold	Yes	75	25	50 SOAHP CME	Heylo Housing Secured	03-Jul-20	28-Dec-18	Shared Ownership	304	165,000	123,750
66	P004591	13 Hollyblue Drive Carlisle	Detached	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	27-Mar-20	28-Dec-18	Shared Ownership	202	165,000	82,500
67	P004592	23 Hollyblue Drive Carlisle	Detached	Active	Freehold	Yes	60	40	50 SOAHP CME	Heylo Housing Secured	15-May-20	28-Dec-18	Shared Ownership	243	165,000	99,000
68	P004593	39 Hollyblue Drive Carlisle	Detached	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	21-Nov-19	28-Dec-18	Shared Ownership	228	185,000	92,500
69	P004594	37 Hollyblue Drive Carlisle	Detached	Active	Freehold	Yes	50	50	50 SOAHP CME	Heylo Housing Secured	14-Oct-19	28-Dec-18	Shared Ownership	256	207,995	

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WE CONSIDER OUR CREDENTIALS, HOW WE HAVE STRUCTURED OUR BID AND OUR PROPOSED CHARGING RATES TO BE COMMERCIALY SENSITIVE INFORMATION.
WE REQUEST THAT THESE BE TREATED AS CONFIDENTIAL.