Jones Lang LaSalle

Valuation Advisory

Client: **Revaluation of 2043 Bond**

Property: **1,197 Affordable Housing units owned by Optivo**

July | 2019

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FAO: Tony Petrou

10 July 2019

Dear Sirs

Revaluation of 1,197 Affordable Housing units owned by Optivo

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

If you have any questions about this report or require any further information, please contact Fiona Hollingworth MRICS (fiona.hollingworth@eu.jll.com; 0207 087 5973).

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

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

Yours faithfully

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Yours faithfully

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Executive Summary

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

Introduction

The date of this report is 10 July 2019.

Jones Lang LaSalle Limited has been instructed to value a portfolio of 1,197 properties which are charged as security in favour of Prudential Trustee Company Limited (the "Security Trustee") for itself and Optivo Finance PLC (the "Issuer").

Properties

The portfolio comprises 1,166 social housing units located in London and the South East of England. From our previous inspections, the properties are a mixture of ages and of traditional brick/concrete and steel construction.

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

In addition there are 31 units in the portfolio which form ancillary accommodation or have been sold on long leases or fully staircased. Optivo's interest in the properties is considered to be de minimis for the purpose of this exercise and so these properties have been included at nil value. Furthermore, please note that these properties have not been included in any unit counts or other statistics in this report.

In accordance with our instructions, we have carried out a desktop valuation of this stock and have not inspected the properties (section 3). We carried out a full valuation of this portfolio in 2017.

Valuations

The valuation date is 10 July 2019.

Our valuation of the 1,165 properties being valued on the basis of Existing Use Value for Social Housing ("EUV-SH"), in aggregate, at the valuation date is:

£89,790,000
(eighty nine million, seven hundred and ninety thousand pounds)

Our valuation of the 1,082 properties being valued on the basis of Market Value subject to Tenancies ("MV-T"), in aggregate, at the valuation date is:

£179,320,000
(one hundred and seventy nine million, three hundred and twenty thousand pounds)

Our indicative valuation of Optivo's retained equity share in the 1,166 properties on the basis of Market Value subject to Vacant Possession ("MV-VP"), in aggregate, at the valuation date is:

£339,310,000
(three hundred and thirty nine million, three hundred and ten thousand pounds)

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

Category	Unit Count	Basis of Value	EUV-SH	MV-T	Indicative MV-VP (retained equity)
General Needs and Sheltered Unrestricted	1,058	MV-T	£81,870,000	£177,300,000	£318,490,000
General Needs Restricted	57	EUV-SH	£4,260,000	N/A	£13,490,000
Supported	23	MV-T	£950,000	£1,680,000	£2,530,000
Market Rented	1	MV-T	N/A	£340,000	£400,000
Shared Ownership	27	EUV-SH	£2,710,000	N/A	£4,400,000
Total	1,166		£89,790,000	£179,320,000	£339,310,000

Portfolio Analysis

Strengths:

- given the divergence between property prices and local average earnings, demand for these properties should be sustainable in the medium to long term;
- the level of rental income for all areas is broadly in line with other Registered Providers ("RPs") in the respective areas;
- the level of rental income is, in aggregate, below the relevant levels of Local Housing Allowance (LHA) for each region;
- the EUV-SH and MV-T values per unit and percentage relationships to MV-VP, are at levels appropriate to the current climate, having regard to the portfolio's location and composition;
- we have made conservative assumptions with regard to the respective rent and sales contributions to the valuations of the shared ownership units and they are not overly dependent on proceeds from sales;
- there are currently 243,668 households on local authority waiting lists across Greater London; and
- based on current levels of affordable housing supply (new build) across Greater London, there are 45 households on the waiting list for every new property being built.

Weaknesses:

- whilst we have been prudent in applying our MV-VPs, MRs and sales rates, there are well-documented challenges at present to the domestic sales and lettings market.

Opportunities:

- increased efficiencies driven by mergers between Housing Associations;
- rationalisation of RPs' stock allowing for more efficient asset management; and
- investment of REITs and other funds into the sector as whole.

Threats:

- changes in Government policy such as a further period of rent cuts or changing the Rent Regime to CPI only;
- results of the Hackitt Report could lead to retrospective remedial repairs and alterations being enforced upon RPs;
- sharp increase in the cost of materials and labour to carry out any repairs and maintenance work on existing stock and meet development plans; and
- cost of land for development.

Suitability of Security

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

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

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

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

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

Sensitivity Analysis

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

Cashflow	Unit Count	Basis of Value	EUV-SH	MV-T
General Needs and Sheltered	1,058	MV-T	£75,040,000	£169,360,000
General Needs Restricted	57	EUV-SH	£3,910,000	N/A
Supported	23	MV-T	£880,000	£1,560,000
Market Rented	1	MV-T	N/A	£340,000
Shared Ownership	27	EUV-SH	£2,560,000	N/A
Total	**1,166**		**£82,390,000**	**£171,260,000**

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

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

These are set out in the following table:

Cashflow	Management plus 10% (EUV-SH)	Management plus 10% (MV-T)	Repairs plus 10% (EUV-SH)	Repairs plus 10% (MV-T)
General Needs and Sheltered	£80,430,000	£176,110,000	£78,620,000	£175,540,000
General Needs Restricted	£4,180,000	N/A	£4,090,000	N/A
Supported	£920,000	£1,650,000	£890,000	£1,620,000
Market Rented	N/A	£340,000	N/A	£340,000
Shared Ownership	£2,710,000	N/A	£2,710,000	N/A
Total	**£88,240,000**	**£178,100,000**	**£86,310,000**	**£177,500,000**

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

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

These are set out in the following table:

Cashflow	MV-VP minus 10%	MR minus 10%	MV-VP and MR minus 10%
General Needs and Sheltered	£168,050,000	£168,850,000	£159,600,000
Supported	£1,680,000	£1,470,000	£1,470,000

Stock

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

Property Type	General Needs & Sheltered	Supported	Market Rented	Shared Ownership	Total
Studio flats	4	-	-	-	4
1 bed flats	286	21	1	-	308
2 bed flats	235	1	-	22	258
3 bed flats	46	-	-	-	46
4 bed flats	7	-	-	-	7
6 bed flats	1	-	-	-	1
2 bed houses	177	1	-	5	183
3 bed houses	273	-	-	-	273
4 bed houses	39	-	-	-	39
5 bed houses	13	-	-	-	13
6 bed houses	4	-	-	-	4
1 bed bungalows	5	-	-	-	5
2 bed bungalows	23	-	-	-	23
3 bed bungalows	2	-	-	-	2
Total	1,115	23	1	27	1,166

Assumptions: Rented Properties

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

Assumption	EUV-SH	MV-T
Rental income growth - houses (Year 1)	1.0%	21.1% – 34.9%
Rental income growth - flats (Year 1)	1.0%	23.6% - 35.0%
Sales rate (houses)	N/A	3.5%
Sales rate (flats)	N/A	3.5%
Bad debts and voids (Year 1)	2.25 – 4.0%	8.0%
Management costs	£650 - £725	9.0% - 10.0% of Gross Income
Management cost growth inflator	0.5%	N/A
Total repairs costs (Year 1)	£1,375	£2,700
Repair cost growth inflator	1.0%	1.0%

Assumption	EUV-SH	MV-T
Discount rate (income)	5.75% - 6.5%	7.75% - 8.0%
Discount rate (sales)	N/A	9.5% - 9.75%

Assumptions: Shared Ownership

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

Assumption	EUV-SH
Discount rate (income)	5.5%
Discount rate (sales)	8.0%
Management Costs	3.5% of Gross Income
Sales rate (yrs 0-2)	1 tranche sales p.a.
Sales rate (yrs 3-6)	2 tranche sales p.a.
Sales rate (yrs 7-40)	1 tranche sales p.a.
Sales rate (yrs 41-50)	0 tranche sales p.a.
Rental growth (all years)	0.5%

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

1 Introduction

1.1 Background

Jones Lang LaSalle Limited has been instructed to value a portfolio of 1,197 properties which are charged as security in favour of Prudential Trustee Company Limited (the “Security Trustee”) for itself and Optivo Finance PLC (the “Issuer”). This valuation report will be relied upon by the Security Trustee to help determine whether the properties continue to provide suitable and adequate security for a loan.

1.2 Compliance

Our valuations have been prepared in accordance with the current RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors (commonly known as the “Red Book”) and the RICS Valuation – Global Standards 2017 – UK National Supplement effective from 14 January 2019.

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

This report has been prepared by Fiona Hollingworth MRICS (Valuer Number: #0099707) and countersigned by Richard Petty FRICS (Valuer Number: #0089005), Head of Affordable Housing and a Director of JLL.

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

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

The valuation date is 10 July 2019.

1.3 Instructions

Our report is prepared in accordance with our General Terms and Conditions of Business which is attached as Appendix 1 to this report.

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

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

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

1.4 Certificates of Title

We have previously reviewed the Certificate of Titles for the portfolio when the Bond was first issued in 2012 and can confirm that our valuations fully reflect the disclosures contained therein. In particular, in respect of each unit which we have valued on the basis of MV-T, we can confirm that (based on our review of the Certificate and the Report) such units may be disposed of by or on behalf of the Security Trustee on an unfettered basis (meaning subject to existing tenancies disclosed in the Certificate but not subject to any security of interest, option or other encumbrance or to any restriction preventing or restricting its sale to, or use by, any person for residential use).

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

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

1.5 Professional Indemnity Insurance ("PII")

We will maintain for a period of six years following the date of delivery of the Valuation PII with a well-established insurance office or underwriter of repute at a level adequate for the purpose of this report for as long as such insurance remains available at commercially reasonable rates and terms (it being our duty to use all reasonable endeavours to obtain such terms and rates). Such insurance shall be written to cover our obligations to you and the Borrower. We shall immediately inform the Security Trustee as soon as we become aware that any such PII is not being maintained in accordance with this report or for any reason becomes void or unenforceable.

In accordance with our Terms of Engagement, or as otherwise agreed in writing, we confirm that our legal liability under this instruction will be capped at £50 million in aggregate, notwithstanding the amount set out in our Terms and Conditions of Business included at Appendix 1. We further confirm that we hold sufficient professional indemnity insurance.

1.6 Changes to Social Housing Rental Growth from March 2016

As the Security Trustee will be aware, under Section 23 of The Welfare Reform and Work Act 2016 ("the Act"), all RPs are required to reduce their rents charged on social housing by 1% each year, for four years from 2016 up to and including 1st April 2019.

Social housing, as defined in the Housing and Regeneration Act 2008, includes all forms of housing let at below market rents, however Shared Ownership and Low Cost Home Ownership is expressly excluded from the Act, together with other property in the ownership of RPs which is listed as exceptions in The Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016 ("the Regulations"). These include, but are not limited to:

- intermediate rent accommodation (defined in the Regulations to include inter alia properties let on sub-market rents, let on Assured Shorthold Tenancies which have not previously been let at social rents and are not let at Affordable Rent);
- specialised supported housing (defined in the Regulations to include inter alia supported housing of bespoke design in which a high level of support is offered to tenants);
- temporary social housing (meaning low cost rental accommodation made available to a person who is homeless, within the meaning of the Housing Act 1996);
- student accommodation;
- accommodation where the rent registered under the Rent Act 1977 is lower than the social rent rate;
- care homes; and

- accommodation where the rent payable by the tenant was temporarily reduced or waived for any period during the previous relevant year.

Supported Housing was exempt from the first year of cuts, but rents will be reduced by 1% for the remaining years up to and including 2019.

It was announced by the government on 4 October 2017 that once the period of cuts has ended, in April 2020, RPs will be allowed to increase their rents by CPI plus 1%, in line with the rent regime previously introduced in April 2015. However, as will be evident from the recent shifts, there can be no absolute certainty over government policy on the rent regime and there is therefore a degree of risk that we may see further changes by April 2020.

This heightened risk is reflected in the discount rate applied to this valuation. However, this component of risk is not new – there has always been an element of legislative or regulatory risk in social housing valuations, where gross and net rental incomes are assessed over a long period; and this risk has always been reflected in the discount rates applied to valuations.

However, the Act includes provisions for either a mortgagee in possession, or a receiver, and its successor in title (which could be either a RP or a non-regulated purchaser) to be exempt from the need to make future cuts after the date of acquisition. These exceptions are contained in Section 24 of the Act.

In our opinion, neither a mortgagee in possession (or receiver), nor any purchaser acquiring stock from the same, would choose to implement rent cuts over the period 2016-2019; and would actively use a legal right to avoid reducing the gross rental income from a housing portfolio. We have therefore prepared our valuation on the basis of EUV-SH on the express assumption that no further reductions in rent would be made after the hypothetical sale at the valuation date. This is consistent with our reading of the Act and with the interpretation of the Act by the Regulator of Social Housing (RSH) (previously the Homes and Communities Agency (HCA)) which would, in effect, be powerless to prevent even a RP from choosing not to reduce rents over this period.

1.7 The Stock Rationalisation Market – EUV-SH Transactions

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

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

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

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

- the price may be supported by future void sales and/or changes of tenure (for example, from Social Rent to Affordable Rent).

1.8 Deregulatory Measures

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

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

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

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

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

2 Methodology

2.1 Valuation Model

We have undertaken our valuation of the portfolio using fully explicit discounted cashflow models, over a 50-year period, with the net income in the final year capitalised into perpetuity.

For the purposes of our valuation, we have split this portfolio by tenure in order to reflect the different risks and opportunities associated with each business stream.

In accordance with section 1.8, whilst we recognise that there is a growing active market for the sale of tenanted stock between RPs, we have not split the portfolio into 'lots' to reflect this and have, in accordance with our instructions, valued the properties as a single portfolio.

Against the income receivable for each portfolio, we have made allowances for voids and bad debts; the costs of management and administration; major repairs; cyclical maintenance; day-to-day repairs; and for future staircasing (where applicable). We have assumed an appropriate level of future growth in these costs (expenditure inflation).

We have then discounted the resulting net income stream at an appropriate rate which reflects our judgement of the overall level of risk associated with the long-term income. A more detailed explanation of the discount rate is included in section 4.

2.2 Information Provided

The principal source of background data for the portfolio has been the rent roll for each property provided by Optivo. This detailed the number and type of units, the rent payable, tenancy type, and equity retained by the association (where applicable).

This information was supplemented with our market research and other data we have gathered from similar instructions undertaken recently and involving comparable stock. From these sources we have collated information on the following:

- rents;
- bad debts, voids and arrears;
- cost of maintenance and repairs; and
- management and administration expenses.

A location plan of the portfolio is provided as Appendix 3.

2.3 Inspections

We have carried out a desktop valuation of this stock in accordance with our instructions.

2.4 Market Research

In arriving at our valuation, we have undertaken a comprehensive programme of research to supplement our knowledge and understanding of the properties. This has included:

- researching local vacant possession values through conversations with local estate agents together with internet research and using RightmovePlus, a bespoke tool for comparable evidence;
- examining local benchmark affordable rents and comparing these with Optivo's rents; and
- analysing data provided by Optivo.

3 General Commentary

Schedules summarising the following data for each property within the portfolio form Appendix 2 of this report:

- address;
- unit type and bedroom number;
- tenancy type;
- equity retained; and
- gross weekly rent.

3.1 Locations

The properties within the portfolio are located in London and the South East as shown in the table below:

Counties	General Needs & Sheltered	Supported	Market Rented	Shared Ownership	Total
East Sussex	316	-	-	5	321
Greater London	664	3	1	22	690
Kent	105	20	-	-	125
Surrey	30	-	-	-	30
Total	1,115	23	1	27	1,166

A location plan of the portfolio is provided at Appendix 3.

3.2 Property Types

The following table summarises the different property types within the portfolio:

Property Type	General Needs & Sheltered	Supported	Market Rented	Shared Ownership	Total
Studio flats	4	-	-	-	4
1 bed flats	286	21	1	-	308
2 bed flats	235	1	-	22	258
3 bed flats	46	-	-	-	46
4 bed flats	7	-	-	-	7
6 bed flats	1	-	-	-	1
2 bed houses	177	1	-	5	183
3 bed houses	273	-	-	-	273
4 bed houses	39	-	-	-	39

Property Type	General Needs & Sheltered	Supported	Market Rented	Shared Ownership	Total
5 bed houses	13	-	-	-	13
6 bed houses	4	-	-	-	4
1 bed bungalows	5	-	-	-	5
2 bed bungalows	23	-	-	-	23
3 bed bungalows	2	-	-	-	2
Total	1,115	23	1	27	1,166

3.3 Condition

We have not carried out a condition survey, this being outside the scope of our instructions.

The properties within the portfolio are a mixture of ages as shown in the table below:

Age	Houses	Flats	Bungalows	Total
Pre-1919	56	402	-	**458**
1920-1949	15	30	-	**45**
1950-1979	74	31	8	**113**
1980s	177	72	8	**257**
1990s	101	45	7	**153**
2000s	89	44	7	**140**
Total	**512**	**624**	**30**	**1,166**

From our previous inspections the properties are primarily of traditional brick/concrete and steel construction under pitched, tile or slate-clad roofs. Windows are of timber/uPVC/casement or sash frames. The majority of the properties appear to be double-glazed.

We have assumed that the properties are being maintained to an acceptable social housing standard, in line with RSH regulatory requirements and commensurate with the likely demands of the target tenant group.

Overall, we have assumed that each property has a useful economic life of at least 50 years provided that the properties continue to be properly maintained in the future.

4 Valuation Commentary – Rented Stock

4.1 Introduction

There are 1,139 rented properties in the portfolio. The rented properties within the portfolio are a mixture of general needs, sheltered and supported social housing properties, and one market rented property which we have valued on a discount to VP Value basis.

4.2 Tenancies

The majority of the rented properties (circa 87%) are let on assured tenancies. We have assumed that these are 'standard' assured tenancies although we have not seen example tenancy agreements. The remaining 145 units are let on secure tenancies.

Tenancy	General Needs & Sheltered	Supported	Market Rented	Total
Assured	970	23	1	994
Secure	145	-	-	145
Total	**1,107**	**23**	**1**	**1,139**

4.3 Rental Income

The following table summarises the total income that Optivo receive from the portfolio annually:

Business Stream	Units	Annual Income	Average Rent
General Needs and Sheltered	1,115	£6,487,397	£111.89
Supported	23	£103,548	£86.58
Market Rent	1	£0	£0
Total	**1,139**	**£6,590,945,000**	**£111.28**

The Statistical Data Return ("SDR") is an annual online survey completed by all private RPs of social housing in England. The latest return for 2017/18 provides the average social rents charged by all RPs for general needs properties. The table overleaf compares the Optivo's average rents with the average sector rents in the same localities:

Size	Average Sector Rent - General Needs	Optivo General Needs
0 bedrooms	£82.70	£83.90
1 bedrooms	£101.97	£96.32
2 bedrooms	£116.16	£111.13
3 bedrooms	£127.58	£122.13
4 bedrooms	£147.46	£139.77
5 bedrooms	£143.21	£132.18
Average	**£117.35**	**£111.88**

According to the Valuation Office Agency, LHA is set at the 30th centile point between what in the local Rent Officer's opinion are the highest and lowest non-exceptional rents in a given Broad Rental Market Area. This analysis looks at local properties and differentiates by bedroom number but not by property type (i.e. houses and flats). These statistics are used as a reference for housing benefit and are a good indication of rent levels which are affordable in a given area.

The following table sets out a comparison of Optivo's average rents with the average LHA in the portfolio and also our opinion of Market Rents for comparable properties in the same areas (rents are shown on the basis of 52 weeks). A breakdown per property is included within the schedule at Appendix 2.

Property Type	Average Passing Rent	Average LHA	Average Market Rents	% of LHA	% of Market Rent
General Needs	£112.06	£253.00	£265.13	44.3%	42.3%
Supported	£86.58	£163.04	£153.26	53.1%	56.5%
Sheltered	£88.84	£181.73	£184.62	48.9%	48.1%

We are unable to verify the accuracy of the rent roll provided to us by Optivo.

4.4 Affordability

In addition, we have looked at the passing rents as a proportion of local net weekly earnings as reported by the Office of National Statistics in its 2018 Annual Survey of Hours and Earnings. The results for each region are shown in the table below and, in our opinion, demonstrate that the rents being charged by Optivo are affordable.

Region	Average Weekly Earnings	General Needs	As %age
Greater London	£546.18	£120.55	22.1%
South East	£476.14	£99.33	20.9%

4.5 EUV-SH Rental Growth

In accordance with section 1.6 we have modelled rental growth of CPI plus 1% in our EUV-SH valuation models into perpetuity.

4.6 MV-T Rental Growth

Passing rents are currently below market levels, resulting in good prospects for future rental growth when considering the market value of the portfolio.

We have assumed that it will take 3 years for assured rents to increase to market levels and thereafter for rents to rise at 1% (real) per annum. In making our assumptions regarding the number of years and annual increases, we have had regard to typical gross and net yields on private residential portfolios of a similar age profile and in comparable locations.

The number of years' growth and average increases we have modelled per year for houses and flats in each of our valuations are shown in the cashflow summaries at Appendix 4.

4.7 Relet Rates

Our EUV-SH model allows for a rate at which secure tenancies are relet as assured tenancies. The annual rates of tenancy turnover experienced by housing associations vary considerably between localities and between different property types. In regard to assured tenancies, national turnover rates are typically within the range of 5.0% to 11.0%, with higher rates of turnover in the North than in the South.

We have adopted rates of 3.0% (houses) and 5.0% (flats) and have assumed that those properties will be relet at the prevailing average target rent. In addition, we have included an allowance for incidental voids as outlined in section 4.11.

4.8 Sales Rates

In accordance with section 1.8, we have not included the sale of any void units under the deregulatory measures introduced by the Housing and Planning Act 2016 in any of our EUV-SH valuations.

In our MV-T cashflows we have assumed that some of the units which become void are sold on the open market. In establishing the sales rates, we have had regard to Land Registry's information on the number of sales and average prices in Greater London and the South East over the past 12 months.

The average sales rates we have applied per annum for houses and flats are shown in the table below:

Valuation Category	Annual Sales (Houses)	Annual Sales (Flats)
General Needs and Sheltered Unrestricted	3.5%	3.5%

This equates to 17 flat sales and 17 house sales in the first year and 794 in total over 50 years. This, in our view, is a sustainable level of sales which would not adversely impact local house prices or marketability.

4.9 Right to Buy

Following announcements made in the Budget delivered on 8 July 2015 we anticipate that the tenants of some of the properties within the Portfolio may in future have either the Right to Buy (“RTB”) or the Right to Acquire (“RTA”). The National Housing Federation (“NHF”) put an offer to Government in September 2015 in which it proposed the implementation of an extended RTB on a voluntary basis. The Voluntary Right to Buy (“VRtB”) was described as a compromise with a view to securing the independence of housing associations and the best deal on compensation (for discounts) and flexibilities (the ability to refuse the VRtB in relation to certain properties).

In the Autumn Statement 2016 it was announced that the Government would fund a large-scale regional pilot of the VRtB for housing association tenants. It was expected that over 3,000 tenants would be able to buy their own home with VRtB discounts under the initial pilot scheme.

The initial pilot scheme in 2016 involved only five housing associations. A second pilot scheme across the Midlands commenced in August 2018 and will run for a period of two years. The second pilot scheme is aimed at testing two aspects of the voluntary agreement that the original pilot scheme did not cover, namely:

- one-for-one replacement; and
- portability of discounts.

The wider terms of the overall extension of RTB and therefore any consideration of the impact of RTB or RTA on valuations would be speculative. We consider it imprudent to reflect additional value from capital receipts and we have therefore assumed that neither RTB nor RTA will be available to exercise at the date of valuation.

4.10 Outgoings

In forming our opinion of the net rental income generated by the portfolio, we have considered the following outgoings:

- bad debts, voids and arrears;
- cost of maintenance and repairs; and
- management and administration expenses.

We emphasise that, under the definitions of the bases of valuation we have been instructed to adopt, we are not valuing Optivo’s stewardship of the stock, rather we are assessing what a hypothetical purchaser in the market would pay for the stock, based on the market’s judgement of the capabilities of the portfolio.

The assumptions we have made in our appraisal reflect our opinion of the view the market would adopt on the future performance of the portfolio. In forming our opinion, we have had regard to other recent valuations we have undertaken of comparable stock.

4.11 Bad Debts and Voids

We have incorporated into our valuations the potential for future voids and bad debts. Any loss of income for both void properties and bad debts is reflected in a deduction made from the gross rental income.

The rates applied take into consideration the figures in the 2018 Global Accounts data provided by the Regulator of Social Housing and are similar to allowances used by other RPs providing a management and maintenance service in the areas where the properties are situated.

The 2018 Global Accounts data shows that across the whole affordable housing sector, RPs have lost approximately 0.69% of their gross income through bad debts and 1.35% through void losses. Both of these figures reflect a slight decrease from the previous two years.

In our MV-T valuations we are assuming greater increases in rents than a social landlord would impose. In our opinion, these rent increases would inevitably be reflected in a higher level of voids and bad debts than would otherwise be the case. The associated risk has been factored into our MV-T discount rate.

The rates we have adopted for bad debts and voids as a percentage of gross income for each of our EUV-SH and MV-T valuations are shown in the cashflow summaries at Appendix 4.

4.12 Management Costs

We have adopted rates for management and administration based on our experience of other RPs operating in similar areas to Optivo. Our rates are subject to an annual inflator of 0.5% (real) for the duration of the cashflow reflecting long-term earnings, growth predictions and potential management savings.

From the information provided in the 2018 Global Accounts, the average cost of management across the sector is £1,020 per unit and the average management cost per unit for Optivo is £1,620 per annum.

In arriving at our opinion of value, we are assessing what a hypothetical purchaser in the market would pay for the properties, and in our experience, bids are likely to reflect a marginal approach to management costs. That is, the incremental cost to the organisation of managing the acquired stock is likely to be significantly less than the organisation's overall unit cost. Furthermore, a growth in stock numbers could give rise to potential economies of scale, rationalisation of services and other efficiencies which would reduce unit costs.

Taking the above into account, we have adopted rates of between £650 and £725 per unit for management and administration in our valuations on the basis of EUV-SH.

We have assumed that a mortgagee in possession would expect to spend between 9% and 10.0% of rental income on management and administration in our valuations on the basis of MV-T.

4.13 Repairs and Maintenance

Although the majority of the properties are generally in a reasonable or good condition, renewal, day-to-day and cyclical maintenance will be required to keep the stock in its present condition.

From the information provided in the 2018 Global Accounts, the total average cost of carrying out major repairs, planned and routine maintenance across the sector is £1,830 per unit and the average maintenance cost per unit for Optivo is £2,102 per annum. These Global Accounts figures are an increase on 2017 but lower on average than in 2016.

The above figures are broad averages; costs will vary according to a property's age, type, size and form of construction. In particular, the profile of expenditure will be different for a newly built property compared to an older property. The former should only require modest routine maintenance over the first 5 to 10 years of its life, with major repairs only arising from years 15 to 20. Hence there is a low-start cost profile, rising steeply in the medium term, whilst an older property is likely to have a flatter profile with a higher starting point.

In accordance with section 3.3 we have had due consideration to the age and construction type for each of the tenure types in our valuations.

The following table sets out the average cost assumptions we have made in the first year of our EUV-SH cashflows. All of our appraisals assume that these costs will inflate at 1.0% (real) per annum.

Category of Expenditure	Period	Rented Properties
Major repairs and renewals	Year 1	£675
Cyclical repairs	Year 1	£350
Day-to-day repairs	Year 1	£350
Total Average Costs	Year 1	£1,375

We have adopted higher costs for major repairs in the first 2 years of our MV-T valuations as some of the properties will require refurbishment and redecoration in order to attract buyers or to be let in the private residential market. After this initial period, our costs settle to a lower level similar to the costs used in our EUV-SH valuation.

The repairs and maintenance assumptions used in each of our valuations are shown in the cashflow summaries appended to this report.

4.14 Discount Rate

Our cashflow valuations are based on constant prices and therefore explicitly exclude inflation. The chosen discount rate reflects our judgement of the economic conditions at the time of the valuation and the level of risk involved in each cashflow, taking all factors and assumptions into account. To determine the risk involved we have looked at:

- the sustainability of the existing rental income;
- the likely rate of future rental growth;
- the condition of the portfolio;
- the level of outgoings required to maintain the maximum income stream;
- the likely performance of the portfolio in relation to its profile and location;
- the real cost of borrowing; and
- the long-term cost of borrowing.

For our EUV-SH valuations of the rented properties we have adopted real discount rates of between 5.75% and 6.5% on net rental income.

In our MV-T model we have adopted a higher rate on rental income to reflect additional risk resulting from the significant rental growth that we have assumed during the first 3 years. In addition, we have adopted a higher rate on income from sales to reflect the additional premium on the yield which an investor would expect from a sales income stream.

We have adopted real discount rates of between 7.75% and 8.0% (rental income), and between 9.5% and 9.75% (sales) for our MV-T cashflows.

The discount rates we have used in each of our valuations are shown in the cashflow summaries at Appendix 4.

4.15 Market Value subject to Vacant Possession (MV-VP)

We have undertaken research into MV-VPs in locations covered by the portfolio. We have assessed the average value of dwellings on a property by property basis. The values adopted are based on comparable research and reflect the diversity of the stock and the different areas.

The average MV-VP of flats and houses in each of our cashflows are as shown in the table below:

Valuation Category	Average MV-VP (Houses)	Average MV-VP (Flats)	Average MV-VP (Bungalows)
General Needs and Sheltered Unrestricted	£329,000	£281,000	£218,000
General Needs Restricted	£238,000	£188,000	£256,000
Supported	£390,000	£97,000	-
Market Rented	-	£400,000	-

4.16 House Price Growth

We have included house price growth in accordance with the rates set out in JLL's Residential Forecasts issued in October 2018. The rates shown in the following table are split by region and are in shown real terms:

Region	2019	2020	2021	2022	2023
United Kingdom	-1.5%	-1.0%	1.0%	1.5%	1.0%
London	-1.5%	0.0%	2.0%	2.0%	1.5%
South East	-2.0%	-1.0%	1.0%	1.5%	1.5%

5 Valuation Commentary – Shared Ownership

5.1 Introduction

There are 27 shared ownership properties within the portfolio. Optivo currently owns 63.15% of the equity in the units and a rent is charged on this percentage.

5.2 Rental Levels

According to the information provided by Optivo, the average gross weekly rental level is £87.27 against the average retained equity. All rents are expressed on the basis of 52 rent weeks per year.

We have not included the value of any current or future ground rent income in our valuations.

5.3 Rental Growth

The RSH's restriction on future rental growth through section 2.4.5 of the Capital Funding Guide allows a maximum of 0.5% real growth per annum only. The imposition of this formula effectively constrains the net present value of the cashflow to the basis of EUV-SH.

It should also be noted that although, in general, rents in the sector will be linked to CPI, the rents for shared ownership properties will grow as set out in the signed leases for each property. We have not had sight of these leases and assume that they have the standard rent review provisions (upwards only, indexed linked at RPI plus 0.5%) set out in the model shared ownership lease, published by the National Housing Federation.

We have grown rents at a rate of RPI plus 0.5% in line with this guidance and the terms of the existing leases.

5.4 Outgoings

In forming an opinion of the net rental income generated by the portfolio, we have allowed 3.5% of gross rental income for management.

5.5 Voids and Bad Debts

We understand that all of the properties are now let and so we would not expect any voids going forward. We have allowed for the incidence of bad debts in the discount rate.

5.6 Repairs and Maintenance

We have assumed any repair obligations will lie with the leaseholders. We would expect that repair/renewal, day-to-day and cyclical maintenance would be required to keep the stock in its present condition. However, we have assumed that, where appropriate, service charge income fully covers expenditure.

5.7 Discount Rate

For our EUV-SH valuation we have adopted a discount rate of 5.5% on the rental income and 8.0% on sales.

5.8 Market Value subject to Vacant Possession (MV-VP)

The average MV-VP of the retained equity in the shared ownership properties in the portfolio is £163,000.

5.9 Rate of Sales

We have adopted what we would expect to be a long-term sustainable rate of sales of further tranches over the 50 years of our cashflow model. We have assumed that equity is sold in 25% tranches.

The rates we have adopted in our cashflow are as follows:

Years	Tranche Sales p.a.
Years 0-2	1
Years 3-6	2
Years 7-40	1
Years 41-50	0

It is difficult to judge when tenants will purchase additional tranches so the income from sales proceeds has been discounted at a higher rate, in line with section 5.7, to reflect the additional risk of realising the value. However, it should be noted that in our valuation, the majority of the value (circa 61%) is attributed to the rental income.

6 Valuation

6.1 Background

We have prepared our valuations on the following bases:

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

Our valuations have been prepared in accordance with the RICS Red Book.

Apportionments of the valuations have been calculated as arithmetic apportionments and are included in the schedules at Appendix 2. This is a portfolio valuation, and no valuation of individual properties has been performed.

In forming our opinion of the value of the portfolio as a whole, we have neither applied a discount for quantum nor added a premium to reflect break-up potential.

The definitions of the bases of valuation are set out in full in section 7 of this report.

6.2 Asset Value for Loan Security Purposes

Our valuation of the 1,165 properties being valued on the basis of Existing Use Value for Social Housing (“EUV-SH”), in aggregate, at the valuation date is:

£89,790,000
(eighty nine million, seven hundred and ninety thousand pounds)

Our valuation of the 1,082 properties being valued on the basis of Market Value subject to Tenancies (“MV-T”), in aggregate, at the valuation date is:

£179,320,000
(one hundred and seventy nine million, three hundred and twenty thousand pounds)

Our indicative valuation of Optivo’s retained equity share in the 1,166 properties on the basis of MV-VP, in aggregate, at the valuation date is:

£339,310,000
(three hundred and thirty nine million, three hundred and ten thousand pounds)

6.3 Asset Value by Tenure

Our valuation of each individual tenure is shown in the following table:

Category	Unit Count	Basis of Value	EUV-SH	MV-T	Indicative MV-VP (retained equity)
General Needs and Sheltered Unrestricted	1,058	MV-T	£81,870,000	£177,300,000	£318,490,000
General Needs Restricted	57	EUV-SH	£4,260,000	N/A	£13,490,000
Supported	23	MV-T	£950,000	£1,680,000	£2,530,000
Market Rented	1	MV-T	N/A	£340,000	£400,000
Shared Ownership	27	EUV-SH	£2,710,000	N/A	£4,400,000
Total	1,166		£89,790,000	£179,320,000	£339,310,000

6.4 Reinstatement Cost

We have also prepared a broad indication of the aggregate reinstatement cost of the portfolio of 1,166 properties, as guidance for insurance purposes. It should not be used directly to calculate the premium that would be paid to insure this portfolio of properties.

We consider the aggregate reinstatement cost of the portfolio to be in the order of:

£245,000,000
(two hundred and forty five million pounds)

7 Bases of Valuation

Our valuations have been prepared in accordance with the RICS Red Book.

7.1 Existing Use Value for Social Housing

The basis of Existing Use Value for Social Housing is defined in UK VPGA 7 of the RICS Valuation Global Standards 2017 – UK National Supplement as follows:

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

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

7.2 Market Value

The basis of Market Value is defined in VPS 4.4 of the Red Book as follows:

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

Market Value subject to Tenancies is in accordance with the above definition, with the addition of the point below:

"That the properties would be subject to any secure or assured tenancies that may prevail, together with any other conditions or restrictions to which property may be subject."

7.3 Expenses

No allowance is made in our valuations for any expenses of realisation.

7.4 Tax

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

The transfer of properties between RPs is exempt from Stamp Duty Land Tax ("SDLT"). Our MV-T valuations include fees of 3.0% on individual unit sales, however we have not included SDLT or other costs of acquisition within our valuation.

7.5 VAT

Our valuations are exclusive of VAT on disposal.

8 Sources of Verification of Information

8.1 General

We have relied upon the description, tenancy type and current rental income provided to us by the Borrower and we have been unable to verify the accuracy of that data.

8.2 Tenure

We have assumed that the Borrower holds long leasehold or freehold interests in these properties unless otherwise stated in this report.

8.3 Title

We have not carried out our own investigations of title and our valuations have assumed good title, free from onerous covenants and other encumbrances other than as set out in this report.

We assume unless informed to the contrary or unless otherwise stated in this report, that each property has a good and marketable title; that all documentation is satisfactorily drawn; and that there are no encumbrances, restrictions, easements or other outgoings of an onerous nature, which would have a material effect on the value of the interest under consideration, nor material litigation pending. Where we have been provided with documentation we recommend that reliance should not be placed on our interpretation without verification by your lawyers. We have assumed that all information provided by the client, or its agents, is correct, up to date and can be relied upon.

8.4 Nomination Agreements

Our valuations are prepared on the basis that there are no nomination agreements. If any nomination rights are found to be in existence, they are assumed not to be binding on a mortgagee in possession unless otherwise stated in this report

8.5 Measurements/Floor Areas

We have not measured the properties, this being outside the scope of a valuation of a portfolio of this nature, unless otherwise stated in this report.

However, where measurements have been undertaken, we have adhered to the RICS Code of Measuring Practice, 6th edition, except where we specifically state that we have relied on another source. The areas adopted are purely for the purpose of assisting us in forming an opinion of capital value. They should not be relied upon for other purposes nor used by other parties without our written authorisation.

Where floor areas have been provided to us, we have relied upon these and have assumed that they have been properly measured in accordance with the Code of Measuring Practice referred to above.

8.6 Structural Surveys

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services and we, therefore, do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily apparent defects or items of disrepair, which we note during our inspection, or costs of repair which are brought to our attention. Otherwise, we assume that each building is structurally sound and that there are no structural, latent or other material defects.

In our opinion the economic life of each property should exceed 50 years providing the properties are properly maintained.

8.7 Deleterious Materials

We do not normally carry out or commission investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, woodwool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

8.8 Site Conditions

We do not normally carry out or commission investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses, delays or restrictions will be incurred during the construction period due to these matters.

8.9 Environmental Contamination

Unless expressly instructed, we do not carry out or commission site surveys or environmental assessments, or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.

8.10 Japanese Knotweed

Our inspections are for valuation purposes only and carried out on an external and internal sample basis only, therefore we cannot confirm whether invasive vegetation has been or is present on the site, our valuation assumes that none exists within the demise or proximity of any of the properties.

8.11 Energy Performance Certificates (EPCs)

We have not been provided with copies of any Energy Performance Certificates by the Borrower. The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 make it unlawful for landlords in the private rented sector to let properties that have an EPC rating of F or G, from 1 April 2018. The Regulations do not apply to the majority of properties owned by RPs. Based on our inspections and our wider knowledge of energy ratings within the social housing sector, we do not consider this issue to present a material valuation risk.

8.12 Market Rental Values

Our assessment of rental values is formed purely for the purposes of assisting in the formation of an opinion of MV-T and is generally on the basis of Market Rent, as defined in the "the Red Book". Such figures should not be used for any other purpose other than in the context of this valuation.

8.13 Insurance

Unless expressly advised to the contrary we assume that appropriate cover is and will continue to be available on commercially acceptable terms.

8.14 Reinstatement Value

The figure provided in section 6.4 is a broad indication of the cost of reinstating the property to the current specifications provided without liability. The floor areas we have adopted in order to arrive at these figures are an average for each type of dwelling only. We have neither measured the property for this purpose nor been provided with floor areas.

Our figures are based on a limited inspection carried out for market valuation purposes (by a Valuation Surveyor rather than a Building Surveyor) and, therefore, our inspections of the structures are inadequate for a reliable reinstatement figure to be obtained.

Our figures for reinstatement cost assessment have been derived by reference to the BCIS Guide to Building Prices. To this figure a regional variation adjustment has been made then an amount has been added for professional fees, demolition, site clearance and VAT.

Our figures are based on general prices and indices at the date of valuation which are subject to fluctuation. Reinstatement figures should be therefore reviewed at regular intervals to allow for any inflationary tendencies. No allowance has been made in our figures for inflation during the insurance year or any subsequent construction period. Similarly, we have not included an allowance for any loss of rent during the reconstruction period.

Our figures do not include any allowances for any items which might more appropriately be considered to be plant and machinery.

Unless otherwise stated, we have assumed the properties are neither Listed buildings nor located in a Conservation Area. If they were found to be either of these, the reinstatement value reported may be subject to a higher level of uncertainty than would generally be the case due to possible requirements of reconstructing a Listed building or building in a Conservation Area.

We have not considered details of the insurance policy in place. Our figure should not be relied upon. If reliance is required it will be necessary for our building surveyors to be instructed to undertake a detailed inspection and consideration of the structure and form of construction of the buildings, and to provide a specific report.

8.15 Planning

We have prepared our valuations on the basis that each property exists in accordance with a valid planning permission.

8.16 The Equality Act

We have assumed the properties appear to comply with the requirements of the Equality Act 2010.

8.17 Outstanding Debts

In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

8.18 Services

We do not normally carry out or commission investigations into the capacity or condition of services. Therefore, we assume that the services, and any associated controls or software, are in working order and free from defect. We also assume that the services are of sufficient capacity to meet current and future needs.

8.19 Plans and Maps

All plans and maps included in our report are strictly for identification purposes only, and, whilst believed to be correct, are not guaranteed and must not form part of any contract. All are published under licence and may include mapping data from Ordnance Survey © Crown Copyright. All rights are reserved.

8.20 Compliance with Building Regulations and Statutory Requirements

Unless otherwise stated in our report none of the properties are of 6 storeys or more or are subject to any remedial works in the wake of the Grenfell Tower disaster of June 2017. We have therefore assumed that the properties conform to the Fire Precaution Regulations and any other statutory requirements.

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