

Value and Risk Advisory

Valuation report

Client: M&G Trustee Company Limited

Property: 2,399 Affordable Housing units owned by Southern Housing – 2048 Bond

Date: May 2026

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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 29 May 2026.

Jones Lang LaSalle Limited has been instructed to value a portfolio of 2,399 properties for loan security purposes.

Properties

The portfolio comprises 2,072 social housing units located across the South East, East Midlands, Greater London and West Midlands. From our research, the properties are a mixture of ages and of traditional brick/concrete 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 327 units in the portfolio which either form ancillary accommodation, or have been sold on long leases or fully staircased. Southern Housing Limited's interest in these units is considered to be de minimis for the purpose of this exercise and so they have been included at nil value. Furthermore, please note that these properties have not been included in any unit counts or other statistics in this report.

In accordance with our instructions, we have carried out a desktop valuation of this stock and have not inspected the properties (section 2).

Valuations

The valuation date is 19 May 2026.

Our valuation of the 282 properties being valued on the basis of Existing Use Value for Social Housing ("EUV-SH"), in aggregate, at the valuation date is:

£31,065,000
(thirty one million, sixty five thousand pounds)

Our valuation of the 1,790 properties being valued on the basis of Market Value subject to Tenancies ("MV-T"), in aggregate, at the valuation date is:

£498,290,000
(four hundred and ninety eight million, two hundred and ninety thousand pounds)

Our indicative valuation of the 2,072 properties on the basis of Market Value subject to Vacant Possession ("MV-VP"), in aggregate, at the valuation date is:

£747,990,000
(seven hundred and forty seven million, nine hundred and ninety thousand pounds)

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

Category	Units Count	Basis of Valuation	EUV-SH	MV-T	MV-VP Retained Equity
Extra Care	15	MV-T	£1,080,000	£1,660,000	£2,550,000
GN Affordable Rent	66	MV-T	£12,990,000	£18,940,000	£23,770,000
GN Social Rent	87	EUV-SH	£8,480,000	-	£22,525,000
GN Social Rent	1,595	MV-T	£199,170,000	£463,630,000	£651,705,000
HOP self-contained	42	EUV-SH	£5,090,000	-	£7,140,000
HOP self-contained	77	MV-T	£4,360,000	£5,370,000	£6,635,000
Intermediate Rent	1	MV-T	£150,000	£240,000	£375,000
Market Rent	4	MV-T	£960,000	£1,260,000	£1,445,000
Supported & shared amenities	7	EUV-SH	£620,000	-	£1,225,000
Supported & shared amenities	3	MV-T	£320,000	£320,000	£450,000
Supported self-contained	5	EUV-SH	£720,000	-	£1,885,000
Supported self-contained	29	MV-T	£3,700,000	£6,870,000	£8,895,000
Shared Ownership	141	EUV-SH	£16,155,000	-	£19,390,000
Total	2,072		£253,795,000	£498,290,000	£747,990,000

Portfolio Analysis

Location

- the properties within the portfolio are located across the South East, East Midlands, Greater London and West Midlands.

Description

- The portfolio comprises a total of 2,072 affordable housing properties and 327 nil value units.
- There are a total of 1,682 General Needs units, 66 Affordable Rent properties, 44 supported units, and 141 shared ownership properties.

Tenure

- unless otherwise stated in this report, we have assumed the Borrower holds a freehold interest or a long leasehold interest with not less than 80 years unexpired in the properties.

Tenancy Summary Income Profile

- the majority of the rented properties (circa 93.84%) are let on assured tenancies;
- there are 119 units let on secure tenancies;

- the portfolio includes 142 properties that are subject to Shared Ownership leases; and;
- the total annual income that Southern Housing Limited receives from the portfolio is £16,785,989.

Analysis

Strengths

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

Weaknesses

- the age of some of the properties mean they require continued investment in order to be able to maintain the same level of rental income in the long term;
- downward pressure on house prices in the medium-term and falling transaction volumes could impact upon values going forward; and
- there are short-term risks for RPs’ income not supported by housing benefit and a greater number of voids and arrears.

Threats

- The social housing sector’s financial performance is weakening due to increased spending on existing homes and higher interest rates;
- The strongest financial pressures are seen in London and other urban areas with large numbers of flats still needing building safety works.
- RPs’ spending on repairs and maintenance is at record levels and development plans are being scaled back due to financial constraints;
- There is an increased focus both within the sector and the media on tenant safety and service delivery. Failure to deliver quality services or engage with

Opportunities

- increased efficiencies are continuing to be driven by mergers between RPs;
- rationalisation of RPs’ stock allowing for more efficient asset management;
- investment of REITs and other funds into the sector as whole; and
- reactive changes to working conditions and government policy could drive further efficiencies in the sector and wider economy in the longer-term.

tenants effectively can harm tenants and damage reputation.

Suitability for Loan Security

Your instructions require us to comment on whether the properties we have valued 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 M&G Trustee Company Limited is applying in making this assessment.
- However, we confirm that, in our opinion, should M&G Trustee Company Limited 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 M&G Trustee Company Limited that this portfolio is suitable for security purposes.

We have included the following sensitivity analysis at Appendix 4:

- increase in discount rates;
- a projected fall in house prices and market rents; and
- an increase in management and maintenance costs.

Information Requiring Clarification

- The borrower has been unable to provide EPC ratings for 160 properties in the portfolio.

Lender Action Points

In accordance with our instructions, we have carried out a desktop valuation of the properties. Southern Housing has provided us with a list of information, which has been taken into account and relied upon in reaching our opinions of value.

We have relied upon the rent and tenancy information provided by Southern Housing as being accurate. If required, we would recommend that the tenancy agreements and current rental income information provided therein is verified for accuracy by a solicitor.

Based on our knowledge of the sale of tenanted stock between RPs, and considering the specific attributes of the subject portfolio, we would anticipate a marketing period of six to twelve months.

From our previous inspections and desktop research, there are 3 blocks of 3 or 4 storeys where we have queried the construction of the external wall system and whether potentially combustible cladding or timber balconies are present.

We understand that Fire Risk Assessments have been commissioned and carried out at all of these blocks by Southern Housing and any remedial cost estimates for work still to be completed, and where they are felt to be appropriate, have been included in our valuations and are set out in Section 3.5.

Key Assumptions: Rented Properties

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

Assumption	EUV-SH
Rental income growth - (Year 1)	1.0%
Bad debts and voids (Year 1)	2.25% - 3.5%
Management costs (average per unit)	£772
Management cost growth inflator	0.50%
Total repairs costs (Year 1)	£1,872 - £3,995
Repair cost growth inflator	0.5%
Discount rate (income)	5.25% - 6.00%

MV-T Assumptions: Rented Properties

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

Assumption	MV-T
Rental income growth - houses (Year 1)	14.4% - 18.7%
Rental income growth - flats (Year 1)	9.1% - 18.0%
Sales rate (houses)	3.5% - 50.0%
Sales rate (flats)	3.0% - 45.0%
Bad debts and voids (Year 1)	9.0%
Management costs	9.0%
Total repairs costs (Year 1)	£3,872 - £5,995
Repair cost growth inflator	0.5%
Discount rate (income)	7.00% - 7.25%
Discount rate (sales)	7.25% - 7.75%

Assumptions: Shared Ownership

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

Assumption	EUV-SH
Discount rate (income)	5.50%
Discount rate (sales)	7.50%
Management Costs	5%
Yrs 0-2 Sales Rate	1.00%
Yrs 3-15 Sales Rate	1.75%
Yrs 16-30 Sales Rate	1.25%
Yrs 31-50 Sales Rate	0.75%
Rental growth (all years)	0.50%

This Overview forms part of the Valuation Report dated 29 May 2026 and should not be read in isolation.



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Our ref

Your ref

Direct line 07522 9887464

Imogen.Renwick@jll.com

29 May 2026

Dear Sirs

Terms of Reference Addressee:

As above

Portfolio (“The Portfolio”):

2,399 Affordable Housing units owned by Southern Housing Limited

Reliance:

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.

Liability:

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

- we shall under no circumstances whatsoever be liable, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, for any loss of profit, loss of revenue or loss of anticipated savings, or for any indirect, special or consequential loss arising out of or in connection with this report; and



- our total liability in respect of all losses arising out of or in connection with this report whether in contract, tort (including negligence), breach of statutory duty, or otherwise, shall not exceed £75,000,000. This amount shall be an aggregate cap on our liability to all relying parties together.

Borrower:

Southern Housing Limited

Tenure:

Freehold/Leasehold

Valuation Date:

19 May 2026

Instruction Date:

22 January 2026

Instruction and Purpose of Valuation:

Our report is prepared in accordance with the Security Trustee's formal instructions, and our General Terms and Conditions of Business (Appendix 1).

Basis of Valuation:

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

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.

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.

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.

Inspection:

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

Personnel:

This report has been prepared by Imogen Renwick under the supervision of Fiona Hollingworth MRICS (Valuer Number: #0099707).



The report is also countersigned by Joanne Hooper MRICS (Valuer Number: #0857250) and Jennifer Fay MRICS (Valuer Number: #6632841).

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

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

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

Status:

In preparing this valuation we have acted as external valuers, subject to any disclosures made to you.

Disclosure:

We have previously disclosed to you any recent involvement in this property.

Assumptions:

As instructed, we have made the following Special Assumptions:

- we have valued the properties as a single portfolio and not split the portfolio into 'lots'; and
- the definition of Market Value set out in VS3.2 (with a special assumption that the Properties are subject to existing tenancies).

Sources of Information:

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

Market Value:

Our valuation of the 282 properties being valued on the basis of Existing Use Value for Social Housing ("EUV-SH"), in aggregate, at the valuation date is:

£31,065,000
(thirty one million, sixty five thousand pounds)

Our valuation of the 1,790 properties being valued on the basis of Market Value subject to Tenancies ("MV-T"), in aggregate, at the valuation date is:

£498,290,000
(four hundred and ninety eight million, two hundred and ninety thousand pounds)

Purchaser's Costs:

We have not allowed for purchaser's costs.

Confidentiality and Publication:

Finally, and in accordance with our normal practice we confirm that the Report is confidential to the party to whom it is addressed for the specific purpose to which it refers. No responsibility whatsoever is accepted to any third party and neither the whole of the Report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear.



Yours sincerely

A handwritten signature in black ink, appearing to read "Imogen Renwick". The signature is fluid and cursive, with the first name being more prominent.

Imogen Renwick
Surveyor
For and on behalf of
Jones Lang LaSalle Limited

Yours sincerely

A handwritten signature in black ink, appearing to read "Fiona Hollingworth". The signature is cursive and somewhat compact.

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

Yours sincerely

A handwritten signature in blue ink, appearing to read "Joanne Hooper". The signature is cursive and clearly legible.

Joanne Hooper MRICS
Director - Affordable Housing
For and on behalf of
Jones Lang LaSalle Limited

Yours sincerely

A handwritten signature in blue ink, appearing to read "J. Fay". The signature is cursive and stylized.

Jennifer Fay MRICS
Director - Affordable Housing
For and on behalf of
Jones Lang LaSalle Limited

1. Introduction

1.1. Background

M&G Trustee Company Limited (the “Security Trustee”) has instructed Jones Lang LaSalle Limited (“JLL”) to prepare a valuation of 2,399 properties owned by Southern Housing Limited (the “Borrower”) (“Southern”). This valuation report will be relied upon by the Security Trustee to help determine whether the properties continue to provide suitable and adequate security for a loan.

1.2. Compliance

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

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

This report has been prepared by Imogen Renwick under the supervision of Fiona Hollingworth MRICS (Valuer Number: #0099707).

The report is also countersigned by Joanne Hooper MRICS (Valuer Number: #0857250) and Jennifer Fay MRICS (Valuer Number: #6632841).

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 and that we have had no involvement with the subject properties within the previous 12 months. We further confirm that JLL will not benefit from the instruction other than by the valuation fee.

The valuation date is 19 May 2026.

1.3. Instructions

Our report is prepared in accordance with the Security Trustee's formal instructions, a copy of which is attached as Appendix 1 to this report, and our General Terms and Conditions of Business (Appendix 2).

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 draft Certificate of Title and top up letter for the Portfolio issued by Devonshires Solicitors LLP to be dated 22 March 2018 (the “Property Documents”) 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 Property Documents) such units may be disposed of by or on behalf of the Southern Housing on an unfettered basis (meaning subject to existing tenancies disclosed in the Property Documents

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 review of the Property Documents, 141 units 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. Liability

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

- we shall under no circumstances whatsoever be liable, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, for any loss of profit, loss of revenue or loss of anticipated savings, or for any indirect, special or consequential loss arising out of or in connection with this report; and
- our total liability in respect of all losses arising out of or in connection with this report whether in contract, tort (including negligence), breach of statutory duty, or otherwise, shall not exceed £75,000,000. This amount shall be an aggregate cap on our liability to all relying parties together.

1.6. Regulation

Southern is regulated by the Regulator of Social Housing (RSH). The RSH is a non-departmental public body that oversees social housing providers in England. It was established in 2018 and is sponsored by the Ministry of Housing, Communities and Local Government. The RSH's primary responsibilities include monitoring and regulating registered social housing providers to ensure they meet certain standards of governance, financial viability, and value for money. They also provide guidance and support to social housing providers and publish information on the performance of the sector.

The RSH in England provides ratings to social housing providers based on their financial viability, governance and consumer standards (from 1 April 2024). Southern is currently rated as follows:

Registered Provider	Governance Rating	Viability Rating	Consumer Regulation Rating	Last Update
Southern Housing	G1	V2	C2	November 2025

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

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

Since the commencement of this legislation, RPs have adapted their business plans and have adopted 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, this is now a key part 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 have in any way sacrificed 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.

Whilst this is now a common part of RP asset management strategy, in accordance with our instructions, we have not considered or built in any rate for sales of void properties within our EUV-SH valuations.

1.7. Market Conditions

Macro events such as geo-political disputes, wars or acts of aggression, and restrictions on trade can cause market conditions to change quickly thereby impacting real estate values. Specifically, events in Iran and the wider Middle East region may have global repercussions resulting in increased oil prices, market stagnation and general uncertainty.

In recognition of this, we highlight the importance of the valuation date and confirm the conclusions in our report are valid at the time of reporting only. We advise you to keep the valuation under regular review. For the avoidance of doubt, we are not reporting Material Uncertainty.

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. We have further split the portfolio geographically by region to reflect the different markets in which the properties are located and the associated risks and opportunities.

In accordance with Appendix 7, 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.

Copies of each of our cashflow summaries are attached to the report at Appendix 3.

Against the income receivable for each property, we have made allowances for voids and bad debts; the costs of management and administration; major repairs; cyclical maintenance; day-to-day repairs; and for future staircasing. 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 Southern. 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 5.

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 Southern's rents; and
- analysing data provided by Southern.

3. General Commentary

3.1. Property Schedules

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

- address;
- unit type and bedroom number;
- tenancy type;
- title number;
- EPC rating;
- equity retained; and
- net weekly rent.

3.2. Locations

The properties within the portfolio are located across the South East, East Midlands, Greater London and West Midlands as shown in the table below:

County	Units
Greater London	1,662
Kent	97
Northamptonshire	86
Surrey	16
Warwickshire	32
West Midlands	118
West Sussex	61
Total	2,072

A location plan of the portfolio is provided at Appendix 5.

3.3. Property Types

The following table summarises the unit types within the portfolio.

Property Type	Units
Room	23
Studio flat	70
1 bed flat	460
2 bed flat	774
3 bed flat	272

4 bed flat	13
1 bed house	1
2 bed house	80
3 bed house	255
4 bed house	53
5 bed house	10
6 bed house	1
1 bed bungalow	47
2 bed bungalow	13
Total	2,072

3.4. Condition

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

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

Age	House	Flat	Bungalow	Room	Total
Pre-1919	66	157	-	20	243
1920-1949	37	10	-	-	47
1950-1979	94	639	29	-	762
1980s	43	309	-	-	352
1990s	133	330	31	3	497
2000s	27	100	-	-	127
Post 2020	-	44	-	-	44
Total	400	1,589	60	23	2,072

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

The property ages and construction methodology have been factored into the assumptions we have made regarding voids, discount rates and repairs and maintenance.

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

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

3.5. Fire Safety

Our valuations have been provided in accordance with the RICS' Guidance Note: "Valuation approach for properties in multi-storey, multi-occupancy residential buildings with cladding, 2nd Edition December 2023" (the 'Guidance Note'), effective from 1 January 2024.

The purpose of the Guidance Note is to help valuers undertaking valuations of domestic residential blocks of flats in the UK for secure lending purposes. It sets out criteria for buildings of different heights that can be used to identify where possible remediation work to cladding for fire safety purposes is likely to be required and may materially affect the value of the property.

We understand from Southern Housing and our previous inspections that there are 3 blocks of 3 or 4 storeys in the Portfolio where we have queried the construction of the external wall system and whether potentially combustible cladding or timber balconies are present.

We understand that these blocks have all been reviewed by Southern and Fire Risk Assessments been carried out where necessary. Southern Housing has provided us with remedial cost estimates for these 6 blocks, and we have deducted these costs from our valuations. The blocks in question are:

The blocks in question and associated works are summarised in the following table:

Scheme	Units	Age	Storeys	Repairs and Cost
Ava House, Polthorne Grove, London, SE18 7AS	5	2000s	4	£138,654 per flat
Baker House, Handcroft Road, London, CR0 3LE	17	Post 2020	4	£275,471 per flat

3.6. 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. However, new Minimum Energy Efficiency Standards (MEES) for the social rented sector are expected to come into force in 2026, which will require an Energy Performance Certificate (EPC) Band C or equivalent by 2030. We have allowed for expenditure which, in our view, is sufficient to ensure compliance with the new standards.

Southern has confirmed the EPC rating applicable for 1,908 properties in the portfolio which are summarised in the table below:

EPC Rating	Units
A	1
B	148
C	1,284
D	459
E	16
Unknown	164
Total	2,072

These ratings are included in the valuation schedule at Appendix 2.

3.7. Climate Change Risk and Net Zero Carbon

Global warming targets set in the Paris Agreement are 1.5-2.0° Celsius above pre-industrial levels. Even the lower end of this range will produce significant changes to global climate systems, including extreme heat or cold events, higher frequency and severity of precipitation or drought, and sea level rise. Therefore, the level of physical climate-related risk of the subject property is likely to fluctuate over its useful life. High levels of climate risk could affect occupier and investor demand, as well as ability to obtain building insurance.

There is an increased focus on Environmental, Social & Governance (ESG) criteria for investment across all asset classes, including real estate. There are also various new, ESG-focused funds entering the real estate market. As a result, the value of property assets of all types is likely to be increasingly affected over time by long term, sustainability challenges. We note that, under the Paris Agreement, the 2050 vision is for all buildings, both new and existing, to be net zero carbon across the whole life cycle. As an interim ambition, the agreement envisages that all new buildings should be able to achieve zero carbon in operations, and aim to reduce carbon emissions by 40%, by 2030,

To achieve the best sustainability credentials and, in particular, to achieve Net Zero Carbon specification, the cost of a refurbishment of a building is currently higher than it would be for a refurbishment which fell short of the standards. However, given the speed at which both the legislation and ESG requirements are advancing, there is a risk that, within the next ten years, further capital expenditure will be required. However, such costs may be mitigated in the future through the principles of the Circular Economy, with a greater focus on recycling materials, and the development of more flexible buildings which can be refurbished and adapted to alternative uses more economically.

Therefore, in terms of cashflow, we anticipate that the technological advances, combined with the increased supply of products and competition, will lower these costs over time and we have not, at this stage, included in our valuation any additional allowance for costs to support the move to net zero carbon over the period covered by our valuation models.

4. Valuation Commentary – Rented Stock

4.1. Introduction

There are 1,931 rented affordable housing properties in the portfolio. These are summarised in the table below.

Category	Units	% of the Portfolio
Extra Care	15	1.0%
GN Affordable Rent	66	3.5%
GN Social Rent	1,682	87.0%
HOP self-contained	119	6.0%
Intermediate Rent	1	0.0%
Market Rent	4	0.0%
Supported & shared amenities	10	0.5%
Supported self-contained	34	2.0%
Total	1,931	100%

4.2. Tenancies

The majority of the rented properties (circa 93.84%) are let on assured tenancies. We have assumed that these are 'standard' assured tenancies although we have not seen example tenancy agreements. The remaining 119 units are let on secure tenancies.

4.3. Rental Income

RPs must set rents in accordance with the Statement on Rents for Social Housing (the "Policy Statement") which is published on the MHCLG website. The Policy Statement sets out the government's policy on rents from 1 April 2025 to 31 March 2026.

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

Category	Annual Income	Average Rent
Extra Care	£101,845	£130.57
GN Affordable Rent	£861,323	£250.97
GN Social Rent	£13,744,444	£157.14
HOP self-contained	£771,488	£124.67
Intermediate Rent	£10,294	£197.96
Market Rent	£84,867	£408.01
Supported & shared amenities	£63,195	£121.53

Supported self-contained	£299,646	£169.48
Total	£15,937,101	£158.72

The Statistical Data Return (“SDR”) is an annual online survey completed by all private RPs of social housing in England. The latest return for 2024/25 provides the average social rents charged by all RPs for general needs and sheltered/supported properties. The following table compares Southern’s average rents with the average sector rents in the same localities:

Region	Average Sector Rent - General Needs	Borrower General Needs	Average Sector Rent – Affordable Rent	Borrower Affordable Rent	Average Sector Rent - Supported	Borrower Sheltered & Supported
East Midlands	£99.40	£127.01	£140.48	-	£104.57	-
West Midlands	£103.67	£130.58	£141.87	-	£111.19	£104.60
Greater London	£140.70	£161.31	£236.61	£258.65	£133.96	£155.63
South East	£126.64	£137.25	£200.40	£174.17	£119.62	-

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 above table sets out a comparison of Southern’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.

We have relied upon the rental information provided by Southern.

4.4. Rent Convergence

On 28 January 2026, the government confirmed updates to the rent standard allowing properties with rents currently below formula rent to increase by an additional £1 per week from April 2027, rising to £2 per week from 2028 until formula rent is reached.

The rent convergence provisions will not apply to all properties. The following accommodation types are specifically excluded from the updated Rent Standard: shared ownership low cost rental accommodation, intermediate rent accommodation, specialised supported housing, relevant local authority accommodation, student accommodation, PFI social housing, temporary social housing, and care homes.

To accurately model rent convergence within our valuation methodology, we require Registered Providers to confirm the formula rent for each eligible property in the portfolio. This enables property-by-property assessment of whether current passing rents fall below formula rent levels.

Southern has confirmed that 1618 properties within this portfolio are currently let at rents below their respective formula rents, as summarised in the table below.

We have incorporated the new rent convergence policy into our valuation, modelling the prescribed rent increases until each property reaches its formula rent level.

Category	Units	Average Passing Rent Assured Tenancies	Average Target Rent Assured Tenancies
GN Affordable Rent	1	£134.51	£134.51
GN Social Rent	1,471	£154.03	£165.46
HOP self-contained	113	£125.22	£126.77
Market Rent	1	£490.38	£0.00
Supported & shared amenities	9	£123.56	£159.35
Supported self-contained	23	£157.28	£168.69
Total	1,618	-	-

4.5. 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 2025 Annual Survey of Hours and Earnings. The results for each of the regions in our valuations are shown in the table below and, in our opinion, demonstrate that the rents being charged by Southern are affordable.

Region	Average Weekly Earnings	General Needs	General Needs as %age	Affordable Rent	Affordable Rent as %	Sheltered & Supported	Sheltered/Supp as %
East Midlands	£517.23	£127.01	24.6%	-	-	-	-
West Midlands	£548.71	£130.58	23.8%	-	-	£104.60	19.1%
Greater London	£763.46	£161.31	21.1%	£258.65	33.9%	£155.63	20.4%
South East	£576.25	£137.25	23.8%	£174.17	30.2%	-	-

4.6. EUV-SH Rental Growth

We have modelled rental growth of CPI plus 1% in our EUV-SH valuation models into perpetuity.

4.7. MV-T Rental Growth

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

We have assumed that it will take between 1 and 10 years for assured rents to increase to market levels and thereafter for rents to rise at 1% (real) per annum. In making our assumptions regarding the number of years and annual increases, we have had regard to typical gross and net yields on private residential portfolios of a similar age profile and in comparable locations.

The number of years' growth and average increases we have modelled per year for houses and flats in each of our valuations are shown in the cashflow summaries at Appendix 3.

4.8. 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.

The rates that we have adopted are set out in the table below, 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.

Property Type	Relet Rate
House	5.0%
Flat	5.0%
Room	5.0%

4.9. Sales Rates

In accordance with section 1.6, we have not included the sale of any void units under the deregulatory measures introduced by the Housing and Planning Act 2016 in any of our EUV-SH valuations.

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

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

Category	Annual Sales Rates	Sales (Year 1)
Sales rate (houses)	3.5% - 50.0%	16
Sales rate (flats)	3.0% - 45.0%	48

The above figures equate 1,371 sales 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.

4.10. Right to Buy

We anticipate that the tenants of some of the properties within the portfolio may have either the Right to Buy ("RTB") or the Right to Acquire ("RTA"). However, 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.

4.11. 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 Southern'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.

4.12. 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 2025 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 2025 Global Accounts data shows that across the whole affordable housing sector, RPs have lost approximately 0.59% of their gross income through bad debts and 1.76% through void losses. The void losses reflect a decrease from 0.66% in the 2024 data whilst bad debts have remained at similar levels over the same period.

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

The rates we have adopted for bad debts and voids as a percentage of gross income for each of our EUV-SH and MV-T valuations are shown in the cashflow summaries at Appendix 3.

4.13. Management Costs

We have adopted rates for management and administration based on our experience of other RPs operating in similar areas to Southern. 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 2025 Global Accounts, the average cost of management across the sector is £1,279 per unit and the average management cost for Southern is £1,348 per unit.

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

Taking the above into account, we have adopted an average rate of £772 per unit for management and administration in our valuations on the basis of EUV-SH.

We have assumed that a mortgagee in possession would expect to spend 9.0% of rental income on management and administration in our valuations on the basis of MV-T.

4.14. 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 2025 Global Accounts, the total average cost of carrying out major repairs, planned and routine maintenance across the sector is £3,330 per unit and the average maintenance cost for the Borrower is £2,711 per unit. The Global Accounts average figure for the sector is an increase of 10.0% on the 2024 Edition.

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

In accordance with section 3.4 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 0.5% (real) per annum.

Category of Expenditure	Period	Rented Properties
Major repairs and renewals	Year 1	£1,968
Cyclical repairs	Year 1	£450
Day-to-day repairs	Year 1	£502
Total Average Costs	Year 1	£2,920

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.

4.15. 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 5.25% and 6.00% on net rental income.

In our MV-T model we have adopted a higher rate on rental income to reflect additional risk resulting from the significant rental growth that we have assumed during the first 1-10 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 7.00% and 7.25% (rental income), and between 7.25% and 7.75% (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.

4.16. 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 overleaf:

Category	Average MV-VP (Houses)	Average MV-VP (Flats)	Average MV-VP (Bungalows)
Extra Care	-	£300,000	-
GN Affordable Rent	£260,000	£372,000	-
GN Social Rent	£498,000	£384,000	£165,000
HOP self-contained	-	£116,000	-
Intermediate Rent	£375,000	-	-
Market Rent	-	£361,000	-
Supported & shared amenities	-	-	-
Supported self-contained	-	£317,000	-

4.17. House Price Growth

We have included house price growth in accordance with the rates set out in JLL's Residential Forecasts issued in December 2025. The rates are split by region and are shown in real terms in the following table:

Region	2026	2027	2028	2029	2030
United Kingdom	-0.5%	2.0%	2.5%	2.5%	1.5%
East Midlands	0.5%	2.5%	3.5%	2.5%	1.0%
West Midlands	1.0%	3.0%	4.0%	2.0%	1.5%
Greater London	-1.5%	0.5%	1.5%	3.0%	2.5%
South East	-1.0%	1.0%	1.5%	3.5%	2.5%

5. Valuation Commentary – Shared Ownership

5.1. Introduction

There are 141 shared ownership properties within the portfolio. Southern currently owns 53.97% of the equity in the units and a rent is charged on this percentage.

5.2. Rental Levels

According to the information provided by Southern, the average gross weekly rental level is £114.20 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.

On 12 October 2023, the government introduced a series of reforms to shared ownership rents. These reforms apply to the leases of new shared owners who purchase homes delivered through the Affordable Homes Programme and through the planning system via Section 106 developer contributions, with certain exceptions. They also apply to the leases of new shared owners who purchase a leasehold interest in their homes through the Right to Shared Ownership and Rent to Buy schemes.

As a part of these reforms, it was announced that from 12 October 2023, rents for new shared owners can instead be increased once a year by no more than the Consumer Prices Index (CPI) plus 1%. This reform brings shared ownership rents into line with the limit that normally applies to annual rent increases in other forms of social housing.

The reforms apply to the leases of new shared owners who purchase a leasehold interest in their homes through the Right to Shared Ownership or Rent to Buy schemes on or after 12 October 2023. If the sale of a leasehold interest in a home on shared ownership terms through either of these schemes is agreed before 12 October 2023, then they are exempt from these reforms.

We have not had sight of the individual leases for the shared ownership properties within this portfolio; however, Southern has confirmed that the shared ownership properties within this portfolio are subject to the previous version of the model shared ownership lease and include rent review provisions that allow upwards only, indexed linked annual rent increases at RPI plus 0.5%.

Accordingly, we have increased rents at a rate of RPI plus 0.5%, in accordance with 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 5.0% 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 5.50% on the rental income and 7.50% 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 £146,978.

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 1.0% tranches.

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

Years	Tranche Sales p.a.
Yrs 0-2	1.00%
Yrs 3-15	1.75%
Yrs 16-30	1.25%
Yrs 31-50	0.75%

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 71.8%) 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 282 properties being valued on the basis of Existing Use Value for Social Housing (“EUV-SH”), in aggregate, at the valuation date is:

£31,065,000
(thirty one million, sixty five thousand pounds)

Our valuation of the 1,790 properties being valued on the basis of Market Value subject to Tenancies (“MV-T”), in aggregate, at the valuation date is:

£498,290,000
(four hundred and ninety eight million, two hundred and ninety thousand pounds)

Our indicative valuation of the 2,072 properties on the basis of Market Value subject to Vacant Possession (“MV-VP”), in aggregate, at the valuation date is:

£747,990,000
(seven hundred and forty seven million, nine hundred and ninety thousand pounds)

6.3. Asset Value by Tenure

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

Category	Units Count	Basis of Valuation	EUV-SH	MV-T	MV-VP Retained Equity
Extra Care	15	MV-T	£1,080,000	£1,660,000	£2,550,000
GN Affordable Rent	66	MV-T	£12,990,000	£18,940,000	£23,770,000
GN Social Rent	87	EUV-SH	£8,480,000	-	£22,525,000
GN Social Rent	1,595	MV-T	£199,170,000	£463,630,000	£651,705,000

HOP self-contained	42	EUV-SH	£5,090,000	-	£7,140,000
HOP self-contained	77	MV-T	£4,360,000	£5,370,000	£6,635,000
Intermediate Rent	1	MV-T	£150,000	£240,000	£375,000
Market Rent	4	MV-T	£960,000	£1,260,000	£1,445,000
Supported & shared amenities	7	EUV-SH	£620,000	-	£1,225,000
Supported & shared amenities	3	MV-T	£320,000	£320,000	£450,000
Supported self-contained	5	EUV-SH	£720,000	-	£1,885,000
Supported self-contained	29	MV-T	£3,700,000	£6,870,000	£8,895,000
Shared Ownership	141	EUV-SH	£16,155,000	-	£19,390,000
Total	2,072		£253,795,000	£498,290,000	£747,990,000

6.4. Reinstatement Cost

We have also prepared a broad indication of the aggregate reinstatement cost of the portfolio of 2,072 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:

£522,370,000

(five hundred and twenty two million, three hundred and seventy thousand pounds)

7. Bases of Valuation

7.1. Existing Use Value for Social Housing

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

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

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

7.2. Market Value

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

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

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

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

7.3. Expenses

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

7.4. Tax

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

When considering the valuation of properties involving transferred public subsidies and potential SDLT relief, it is crucial to note that the application of such relief is subject to complex legislative conditions and HMRC interpretations. The availability of SDLT relief can significantly impact property valuations. However, its applicability is highly dependent on

specific circumstances, including (but not limited to): the nature of the original acquisition; the type of public subsidy involved; and the status of both the vendor and purchaser.

As such, valuations based on the assumption of SDLT relief may be subject to inaccuracies if all relevant conditions are not met or if HMRC's interpretation of the legislation changes. It is strongly recommended that, in the event of a transaction, professional tax advice be sought and, where uncertainty exists, non-statutory clearance from HMRC be obtained.

For the avoidance of doubt, our valuations are prepared on the explicit assumption that SDLT relief would be sought and successfully achieved by a hypothetical purchaser of the social housing properties in the portfolio. Our MV-T valuations include fees of 3.0% on individual unit sales, however we have not included SDLT or other costs of acquisition within our valuation.

7.5. VAT

Our valuations are exclusive of VAT on disposal.

8. Sources of Verification of Information

8.1. General

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

8.2. Tenure

Unless otherwise stated in this report, we have assumed the Borrower holds a freehold interest or a long leasehold interest with not less than 80 years unexpired in the properties.

8.3. Title

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

We have previously reviewed the draft Certificate of Title and top up letter for the Portfolio issued by Devonshires Solicitors LLP to be dated 22 March 2018 (the "Property Documents") 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 Property Documents) such units may be disposed of by or on behalf of the Southern Housing on an unfettered basis (meaning subject to existing tenancies disclosed in the Property Documents 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).

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. Reinforced Autoclaved Aerated Concrete (“RAAC”)

The presence of RAAC in buildings and its potential to fail with little or no warning is receiving media attention at the moment following the closure of schools which are considered to be at risk.

RAAC is a lightweight form of concrete commonly used in construction between the 1950s and mid-1990s. It is predominantly found as precast panels in roofs, commonly flat roofs, and occasionally in floors and walls.

Although the majority of reported cases are within education and public sector buildings, there is potential for RAAC to be present in other property types and sectors. Whether this poses a risk will depend on several factors including location, condition and quality of the original installation and each case will need to be assessed on its own merits.

Within the residential sector, the RICS advise that they expect the exposure to be low. The Regulator of Social Housing (RSH) has also said that it believes RAAC is not widespread in social housing.

We have not carried out or commissioned investigations on site to ascertain whether any building was constructed using RAAC. Unless we are otherwise informed, our valuations are provided on the basis that no such material has been used.

8.9. Transfer Slabs

Transfer slabs are a floor arrangement where a column sits on top of a reinforced concrete slab without a supporting column directly underneath. The issue was first raised by the Institution of Structural Engineers in November 2024 due to a perceived lack of industry-wide guidance covering their design.

The Government has subsequently contacted landlords and building owners in December 2025 to highlight specific concerns about “punching shear in transfer slabs”. While the Government is not aware of any building collapse caused by this in the UK, there is concern about the risk of a failure mechanism causing partial building collapse.

The Government is currently recommending that where there are visible signs of distress, building owners should seek professional advice and RICS recommends the Institution of Structural Engineers are contacted for suitable competent engineers.

The Building Safety Regulator commissioned research in late 2024 in order to establish structural risk, which is ongoing with MHCLG. Further advice is anticipated in due course, and building owners should remain informed.

We have not carried out or commissioned investigations on site to ascertain whether any building was constructed using transfer slabs. Unless we are otherwise informed, our valuations are provided on the basis that no such material has been used.

8.10. 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.

8.11. 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.

8.12. Japanese Knotweed

Our valuation assumes that no invasive vegetation exists within the demise or proximity of any of the properties in the valuation.

8.13. 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. However, new Minimum Energy Efficiency Standards (MEES) for the social rented sector are expected to come into force in 2026, which will require an Energy Performance Certificate (EPC) Band C or equivalent by 2030.

Based on our wider knowledge of energy ratings within the social housing sector, we do not consider this issue to present a material valuation risk.

8.14. 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.

8.15. Insurance

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

8.16. Reinstatement Value

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

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

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

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

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

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

8.17. Planning

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

8.18. The Equality Act

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

8.19. 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.

8.20. 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.

8.21. 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.

8.22. Compliance with Building Regulations and Statutory Requirements

Our valuations have been provided in accordance with the RICS' Guidance Note: "Valuation approach for properties in multi-storey, multi-occupancy residential buildings with cladding, 2nd Edition December 2023" (the 'Guidance Note'), effective from 1 January 2024.

The purpose of the Guidance Note is to help valuers undertaking valuations of domestic residential blocks of flats in the UK for secure lending purposes. It sets out criteria for buildings of different heights that can be used to identify where possible remediation work to cladding for fire safety purposes is likely to be required and may materially affect the value of the property

Unless otherwise stated in our report none of the properties are of 18m or 6 storeys or more or are subject to any remedial works in the wake of the Grenfell Tower disaster of June 2017. We have therefore assumed that the properties conform to the Fire Precaution Regulations and any other statutory requirements.

Appendix 1

General Terms and Conditions

General Terms and Conditions of Business for Valuations: England and Wales

1. AGREEMENT

1.1. These Terms together with any Engagement (see below for the defined term) set out the terms on which JLL will provide the Services to the Client. Each of the provisions provided in the Agreement are severable and distinct from the others.

1.2. The Engagement shall prevail to the extent of any conflict between the Terms, and the Engagement. The Agreement supersedes any previous arrangement concerning its subject matter. Unless the Parties agree otherwise, these Terms shall apply to any future instructions from the Client, although such instructions may be subject to a separate Engagement.

2. INTERPRETATION

The following definitions and rules of interpretation apply in these Terms:

2.1. Definitions

“Affiliates” includes in relation to either Party each and any subsidiary or holding company of that Party and each and any subsidiary of a holding company of that Party and any business entity from time to time controlling, controlled by, or under common control with, that Party, and **“holding company”** means a holding company as defined in section 1159 of the Companies Act 2006 or a parent undertaking as defined in section 1162 and schedule 7 of the Companies Act 2006, and **“subsidiary”** means a subsidiary as defined in section 1159 of the Companies Act 2006 or a subsidiary undertaking as defined in section 1162 and schedule 7 of the Companies Act 2006;

“Agreement” means any Engagement and these Terms together;

“Client” means the Party who enters into the Agreement with JLL;

“Data Protection Legislation” shall mean GDPR, Data Protection Act 2018. and any national laws, regulations and secondary legislation implementing or supplementing GDPR in force in the United Kingdom from time to time;

“Engagement” means the agreement, letter of engagement or engagement agreement or email and any schedules/appendices sent to the Client by JLL (or agreed in writing) which sets out details of the Services to be provided to the Client pursuant to the Agreement;

“GDPR” means the General Data Protection Regulation ((EU) 2016/679) retained as law in the United Kingdom by s.3 of the European Union (Withdrawal) Act 2018 and in this Agreement: “controller”, “processor”, “data subject”, “personal data”,

“personal data breach”, “supervisory authority”, and “processing” shall have the meaning set out in the GDPR, and references to “personal data” shall in addition mean personal data related to the Agreement.

“Insolvent” means in relation to:

- (a) a company (including any body corporate), that it:
 - (i) is unable to pay its debts as they fall due;
 - (ii) becomes or is deemed insolvent;
 - (iii) has a notice of intention to appoint an administrator filed at Court in respect of it, has an administrator appointed over, or has an administration order in relation to it, or has appointed a receiver or an administrative receiver over, or an encumbrancer takes possession of or sells the whole or part of its undertaking, assets, rights or revenue;
 - (iv) passes a resolution for its winding up or a court of competent jurisdiction makes an order for it to be wound up or dissolved or it is otherwise dissolved (other than a voluntary winding up solely for the purpose of a solvent amalgamation or reconstruction); or
 - (v) enters into an arrangement, compromise or composition in satisfaction of its debts with its creditors or any class of them or takes steps to obtain a moratorium or making an application to a court of competent jurisdiction for protection of its creditors;
- (b) a partnership, that it is dissolved by reason of the bankruptcy of one or more of its partners;
- (c) an individual, that they are bankrupt; or
- (d) a Party based outside England and Wales, that it is considered insolvent by the laws applicable to that Party;

“JLL” means Jones Lang LaSalle Limited of 30 Warwick Street London W1B 5NH registered in England and Wales with company number 01188567 and/or any Affiliate of JLL that provides the Services to the Client;

“Materials” means all materials, equipment, documents and other property of JLL made available to the Client by JLL in carrying out the Services;

“Party” means either the Client or JLL (as the context requires) and **“Parties”** shall mean both of them;

“Services” means the Services set out in the Engagement or as otherwise agreed in writing between the Parties;

“Terms” means these terms and conditions.

2.2. Unless the context otherwise requires, words in the singular shall include the plural and, in the plural, shall include the singular.

2.3. A reference to a statute or statutory provision is a reference to it as it is in force as at the date of the Agreement and shall include all subordinate legislation made as at the date of the Agreement under that statute or statutory provision.

2.4. A reference to writing or written unless otherwise specified herein includes email.

2.5. Any words following the terms including, include, in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

2.6. Headings are for convenience only and do not affect the interpretation of this Agreement.

3. SERVICES

3.1. JLL shall provide the Services using reasonable care and skill.

3.2. JLL has no obligation to provide any services other than the Services and has no obligation to provide nor any liability for:

- a) an opinion on the price of a property (unless specifically agreed in writing);
- b) any advice regarding the condition of a property (unless specifically agreed in writing);
- c) the security or management of a property unless specifically instructed to arrange it;
- d) the safety of any third party entering any premises; or
- e) the management or payment of any third party suppliers.

3.3. Where the Parties have agreed that JLL shall carry out estate agency business, JLL shall (i) report in writing all offers it receives regarding the relevant property; and (ii) comply with its obligations under the Estate Agents Act 1979 and regulations made under that Act together with any other similar laws and regulations.

3.4. Where agreed in writing JLL shall use reasonable endeavours to meet any performance dates. JLL shall not be responsible for any failure to meet performance dates due to causes outside its reasonable control and time shall not be of the essence for the performance of the Services.

3.5. JLL shall have the right to make any changes to the Services which are necessary to comply with any applicable law, regulation, safety or public health requirement, or any applicable government guidance which do not materially affect the nature or quality of the Services and JLL shall notify the Client in any such event.

3.6. Without prejudice to clause 9.2(b), JLL will take all appropriate steps to identify, prevent or manage a conflict of interest that may arise in the course of business. In the event that an actual or potential conflict of interest is identified, JLL will recommend a course of action.

3.7. JLL may use electronic systems and networks to provide the Services.

3.8. JLL may use artificial intelligence, including generative artificial intelligence, when providing the Services.

4. CLIENT OBLIGATIONS

4.1. The Client shall:

- a) immediately notify JLL if any details or requirements set out in the Engagement are incomplete or inaccurate;
- b) co-operate with JLL in all matters relating to the Services;
- c) provide JLL, its employees, agents, consultants and subcontractors, with access to the relevant property as reasonably required by JLL to provide the Services;
- d) obtain and maintain all necessary licences, permissions and consents which may be required by the Client before the date on which the Services are to start; and
- e) maintain a high standard of professional conduct at all times, including respecting the rights and dignity of all individuals, maintaining confidentiality when required, and adhering to all applicable laws, regulations, and professional standards.

4.2. The Client shall promptly provide JLL with such information and materials as it may reasonably require in order to supply the Services and warrants that:

- a) such information is complete and accurate and was obtained and prepared in accordance with all applicable laws;
- b) it shall ensure that where the information and material include representations or descriptions of a property, that such information and material contain no misrepresentation or false impression;
- c) where the Client will advertise a property under JLL's logo, that such advertisement (including its content and context in which it will appear) is approved in writing by JLL prior to its publication; and
- d) it shall immediately notify JLL on becoming aware of any changes or issues that may render inaccurate any information or material provided to JLL.

4.3. In the event of any act or omission by the Client in breach of the Agreement or failure by the Client to perform any relevant obligation (Client Default):

- a) JLL shall without limiting its other rights or remedies have the right to suspend performance of the Services until the Client remedies the Client Default, and to rely on the Client to relieve JLL from the performance of any of its obligations to the extent the Client Default prevents or delays JLL's performance of any of its obligations; and
- b) JLL shall not be liable for any costs or losses sustained or incurred by the Client arising directly or indirectly from the Client Default.

4.4. The Client is responsible for effecting and maintaining adequate property and public liability insurance in relation to its activities and any relevant properties owned or occupied by it and shall be responsible for the safety of any person entering the relevant properties.

4.5. Where the Client constitutes more than one legal person, the liability and obligations of such persons shall be joint and several.

5. PAYMENTS

5.1. Whenever possible, the fees and expenses (if known) for the Services shall be as set out in the Engagement. Where fees and expenses for the Services are not specified in writing, JLL shall be entitled to the fee specified by the applicable professional body chosen by JLL (acting in a reasonably commercial manner) or, if none is specified, a fair and reasonable fee by reference to time spent delivering the Services; and reimbursement of any expenses properly incurred by JLL on the Client's behalf.

5.2. All amounts payable by the Client under the Agreement are exclusive of value added tax (VAT) or similar taxes which the Client shall pay at the applicable rate.

5.3. In consideration of the provision of the Services, the Client shall pay each invoice submitted by JLL in accordance with the Agreement within 28 days from the date of invoice.

5.4. If the Client fails to settle any payment due to JLL under the Agreement by the due date for payment, then JLL reserves the right to charge late payment interest after the due date on the overdue amount at the legal rate of interest in accordance with the Governing Law. Such interest shall accrue on a daily basis from the due date until actual payment of the overdue amount, whether before or after judgment. The Client shall pay the interest together with the overdue amount.

5.5. If the Agreement is terminated prior to the Services being completed, JLL shall, without limitation to its other rights and remedies under this Agreement or at law, be entitled to receive from the Client a reasonable fee proportionate to the part of the Services performed to the date of termination.

6. INTELLECTUAL PROPERTY RIGHTS

6.1. JLL retains all copyright (and all other intellectual property rights) in all materials, reports, systems and other deliverables which it produces or develops for the purposes of this Agreement, or which it uses in the provision of the Services. . For this purpose **"intellectual property rights"** means patents, utility models, rights to inventions, copyright and related rights, trademarks and service marks, trade names and domain names, trade secrets, rights in get-up, goodwill and the right to sue for passing off or unfair competition, rights in designs, rights in computer software, database rights, rights to preserve the confidentiality of information (including know-how and trade secrets) and any other intellectual property rights, including all applications for (and rights to apply for and be granted), renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist, now or in the future, in any part of the world.

6.2. The Client shall have an irrevocable, royalty-free, non-exclusive licence to use the Materials for the purposes for which they are prepared by JLL, subject to JLL having received full payment for the Services in accordance with the Agreement. Such licence shall be capable of sub-licence by the Client to its employees, agents and subcontractors and shall survive termination. No third party has any right to use any such Materials without JLL's specific consent. JLL shall not be liable for the use of any Material for any purpose other than that for which JLL provided it to the Client.

6.3 Nothing in this clause 6 shall affect the Client's intellectual property rights that pre-exist the Services. The Client grants to JLL a non-exclusive, non-transferable license to use the data provided to JLL and any intellectual property contained within it for the purpose of anonymising and aggregating such data (such that it cannot be reverse engineered) and using it for its legitimate business purposes.

7. CONFIDENTIALITY

7.1 Except where disclosure is required by law, each party and that party's Affiliates must maintain the confidentiality of the other party's information and must not disclose any information received in confidence from the other party for a period of three years (or any longer period if so required by law) after termination or expiry of this Agreement.

7.2 Where JLL delivers services to or is approached to deliver services to another party JLL shall not be required to use or disclose to the Client any information known to JLL, which is confidential to another party.

8. LIABILITY

8.1. a) JLL shall under no circumstances whatsoever be liable, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, for any loss of profit, loss of revenue or loss of anticipated savings, or for any indirect, special or consequential loss arising out of or in connection with the Agreement and/or the Services;

b) JLL's total liability in respect of all losses arising out of or in connection with the Agreement and/or the Services, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, shall not exceed £5 million; and

c) nothing in the Agreement limits any liability which cannot legally be limited, including but not limited to, liability for: death or personal injury caused by negligence; or fraud or fraudulent misrepresentation.

8.2. JLL shall have no liability for the consequences, including delay in or failure to provide the Services:

a) due to any failure by the Client or any representative or agent of the Client to provide information or other material that JLL reasonably requires promptly, or where that information or material provided is inaccurate or incomplete;

b) to the extent that the Client or someone on the Client's behalf for whom JLL is not responsible is responsible,

and where JLL is one of the parties liable in conjunction with others, JLL's liability shall be limited to the share of loss reasonably attributable to JLL on the assumption that all other parties pay the share of loss attributable to them (whether or not they do); or

c) due to any failure by the Client or any representative or agent of the Client to follow JLL's advice or recommendations.

8.3. JLL owes no duty of care and has no liability to anyone but the Client unless specifically agreed in writing by JLL.

9. TERMINATION

9.1. Without limiting its other rights or remedies, either Party may terminate the Agreement by giving the other Party three months' written notice.

9.2. Without limiting its other rights or remedies, either Party may terminate the Agreement with immediate effect by giving written notice to the other Party if:

a) the other Party commits a material breach of the Agreement and (if such a breach is remediable) fails to remedy that breach within 14 days of that Party being notified in writing to do so;

b) a conflict of interest arises which prevents JLL continuing to act for the Client; or

c) the other Party becomes Insolvent.

9.3. Without limiting its other rights or remedies, JLL may suspend provision of the Services under the Agreement or any other contract between the Client and JLL if the Client becomes Insolvent, or JLL reasonably believes that the Client is about to become Insolvent, or if the Client fails to pay any amount due under the Agreement on the due date for payment.

9.4. On termination of the Agreement for any reason:

a) the Client shall immediately pay to JLL all of JLL's outstanding unpaid invoices and interest and, in respect of Services supplied but for which no invoice has been submitted and associated expenses, JLL shall submit an invoice, which shall be payable by the Client immediately on receipt;

b) the Client shall return any Materials which have not been fully paid for;

c) JLL may, to comply with legal, regulatory or professional requirements, keep one copy of all Material

which is what was supplied by or on behalf of the Client in relation to the Services;

- d) the accrued rights, remedies, obligations and liabilities of the Parties as at expiry or termination shall be unaffected, 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; and
- e) clauses which expressly or by implication survive termination shall continue in full force and effect.

9.5. JLL may destroy any hard copy and electronic files it has in its possession after six years from the earlier of completion of the Services or termination of the Agreement.

10. DATA PROTECTION

10.1. JLL (including third parties as described in our Privacy Statement available at www.jll.co.uk) may process in hard copy and/or in electronic form, personal data regarding the Client, its officers and any other individuals connected with the Client ('Client Contacts'). It may also verify the identity of Client Contacts including carrying out checks with third parties such as financial probity, anti-money laundering or sanctions-checking agencies. To facilitate compliance with money laundering regulations and avoid duplication of due diligence, the Client acknowledges that JLL may share Client contacts' personal data with such third party agencies and JLL Affiliates.

10.2. Unless the Agreement and factual arrangements dictate otherwise, as between the Parties for the purposes of the Agreement, the Client is deemed to be the controller and JLL is deemed to be the processor. The Client will ensure that any transfer of personal data to JLL (and any sub-processors under clause 10.11) complies with the Data Protection Legislation. In providing the Services, JLL in its role as processor shall comply with the Data Protection Legislation as it relates to data processors. Nothing within the Agreement relieves either Party of its own direct responsibilities and liabilities under the Data Protection Legislation.

10.3. JLL shall not process personal data other than in relation to the documented instructions of the Client, unless it is required to process the personal data by any law to which it is subject. In such a case JLL shall inform the Client of that legal requirement before complying with it, unless that law prohibits JLL from doing so.

10.4. JLL shall ensure that it and any third party with access to the personal data has appropriate technical and organisational security measures in place, to guard against the unauthorised or unlawful processing of personal data and against the accidental

or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, the personal data. Upon a written request, JLL shall provide to the Client a general description of the security measures it has adopted.

10.5. JLL shall take reasonable steps to ensure any person that has access to personal data is made aware of their responsibilities, and subject to enforceable duties of confidentiality.

10.6. JLL shall notify the Client without undue delay if it:

10.6.1 receives a request for access from an individual, or a request relating to any of the other individuals' rights available under the Data Protection Legislation, in respect of personal data;

10.6.2 receives any enquiry or complaint from a data subject, supervisory authority or third party regarding the processing of the personal data; and

10.6.3 becomes aware of a personal data breach affecting personal data, unless the breach is unlikely to result in a risk to the rights and freedoms of data subjects.

10.7. JLL shall assist and provide all information reasonably requested in writing by the Client in relation to data protection impact assessments or 'prior consultation' with supervisory authorities or matters under clause 10.6.

10.8. JLL shall maintain all the records and information necessary to demonstrate its compliance with the requirements set out in this clause 10.

10.9. JLL shall allow the Client (or its appointed auditor) to audit JLL's compliance with this clause 10. The Client agrees to give reasonable notice of any audit, to undertake any audit during normal business hours, to take steps to minimise disruption to JLL's business, and not exercise this right of audit more than once every year unless instructed otherwise by a supervisory authority.

10.10. JLL shall, upon receipt of a written request, from the Client delete or return all personal data at the end of the provision of the Services. JLL may retain copies of the personal data in accordance with any legal or regulatory requirements, or any guidance that has been issued in relation to deletion or retention by a supervisory authority.

10.11. JLL shall only engage a sub-processor where:

10.11.1 the Client has agreed in writing to the engagement of the sub-processor; or

10.11.2 the sub-processor is an Affiliate of JLL or a service provider engaged by JLL to support the infrastructure and

administration of its business (with details maintained at <http://www.jll.co.uk/sub-processors>).

10.12 JLL shall ensure that any arrangements between JLL and a sub-processor are governed by a written contract including terms which offer at least the same level of protection for personal data as those set out in this clause. Where JLL intends to engage a new sub-processor under 10.11.2 and the Client objects, then the Client may choose to terminate the Services in accordance with clause 9.

10.13 In accordance with clause 12.1, JLL shall remain liable for the acts and omissions of its sub-processors.

10.14 JLL shall only transfer personal data outside the UK and European Economic Area where it has ensured the transfer complies with the Data Protection Legislation.

11. FORCE MAJEURE

11.1. Neither Party shall be liable to the other Party as a result of any delay or failure to perform its obligations under the Agreement as a result of any event beyond the reasonable control of either Party including strikes, lock-outs or other industrial disputes (whether involving the workforce of JLL or any other party), failure of a utility service or transport network, act of God, war, riot, civil commotion, malicious damage, an international, national or regional emergency has been declared, a period of quarantine recommended or imposed by any applicable government, epidemic, pandemic, public health emergency, compliance with any law or governmental order, rule, regulation or direction, accident, breakdown of plant or machinery, fire, flood, storm or default of suppliers or subcontractors.

11.2. If such an event prevents either Party from performing any of their obligations under the Agreement for a period of more than four weeks, the affected Party shall, without limiting their other rights or remedies, have the right to terminate the Agreement immediately by giving written notice to the Party.

11.3. This clause does not apply to the payment of fees or expenses due to JLL by the Client.

12. GENERAL

12.1. **Subcontracting.** JLL may subcontract or deal in any other manner with all or any of its rights or obligations under the Agreement to any third party or agent provided that:

(i) where JLL subcontracts or delegates its obligations at the specific request of the Client, JLL shall have no liability for the acts or omissions of the third party or agent; and

(ii) otherwise, JLL shall remain liable for the acts or omissions of the third party or agent, unless the Client agrees to rely only on the third party or agent, such agreement not to be unreasonably withheld.

12.2. **Notices.** a) Any notice or other communication, including the service of any proceedings or other documents in any legal action given to a Party under or in connection with the Agreement shall be in writing, addressed to that Party at its registered office (if it is a company) or its principal place of business (in any other case) or such other address as that Party may have specified to the other Party in writing in accordance with this clause, and shall be delivered personally or sent by pre-paid first class post or commercial courier. Any notice or other communication sent to a Party located in a different country to the sending Party must be sent by commercial courier;

b) A notice or other communication shall be deemed to have been received: if delivered personally, when left at the address referred to in clause 12.2.a); if sent by pre-paid first class post at 9.00 am on the second business day after posting; or if sent by commercial courier, on the date and at the time that the courier's delivery receipt is signed. For this purpose, a business day means a day (other than a Saturday or Sunday) on which banks are open for business in the Jurisdiction.

12.3. **Severance.** a) If any provision or part-provision of the Agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this clause shall not affect the validity and enforceability of the rest of the Agreement;

b) If any provision or part-provision of the Agreement is invalid, illegal or unenforceable, the Parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable, and, to the greatest extent possible, achieves the intended commercial result of the original provision.

12.4. **Waiver.** A waiver of any right under the Agreement or law is only effective if it is in writing and shall not be deemed to be a waiver of any subsequent breach or default. No failure or delay by a Party in exercising any right or remedy provided under the Agreement or by law shall constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict its further exercise

of that or any other right or remedy. No single or partial exercise of such right or remedy shall prevent or restrict the further exercise of that or any other right or remedy.

12.5. **No Partnership or Agency.** Nothing in the Agreement is intended to, or shall be deemed to, establish any partnership or joint venture between the Parties, nor constitute either Party the agent of the other for any purpose. Neither Party shall have authority to act as agent for, or to bind, the other Party in any way.

12.6. **Third parties.** Subject to clause 12.8, a person who is not a Party to the Agreement shall not have any rights to enforce the Agreement unless specifically agreed in writing.

12.7. **Variation.** Except as set out in these Terms, no variation of the Agreement, including the introduction of any additional terms and conditions, shall be effective unless it is agreed in writing and signed by both Parties. Unless otherwise expressly agreed, variation of these Terms does not require the consent of any third party (whether any employee referred to in clause 12.8 or otherwise).

12.8. **Protection of Employees.** Save in respect of fraud or criminal conduct no employee of JLL or any Affiliate has any personal liability to the Client nor to anyone representing the Client. Neither the Client nor anyone representing the Client may make a claim or bring proceedings against an employee or former employee personally. Any such employee of JLL is entitled to enforce this provision pursuant to the Contracts (Rights of Third Parties) Act 1999.

12.9. **Directors.** Some employees of JLL have the title of "director". The Client acknowledges that this does not mean they hold the office of director for the purposes of the Companies Act 2006. Rather, it means that they hold a senior role as an employee of JLL.

12.10. **Complaints.** JLL's complaints procedure is available on request.

12.11. **Publicity.** Neither Party may publicise or issue any specific information to the media about the Services or the Agreement's subject matter without the consent of the other.

12.12. **Criminal Activity.** To comply with the law and professional rules on suspected criminal activity JLL is required to verify the identity of its clients and understand their business. Upon request, the Client will promptly provide to JLL evidence of the Client's identity, management or ownership. Where JLL is required by law to obtain similar evidence for another party to a transaction, the Client will provide all reasonable assistance to obtain such evidence. JLL may also need to provide such evidence to another party's agents and the Client consents to the

release of such information. If a Party fails to provide such evidence the transaction and Services may not be able to proceed. JLL is required by law to report to the appropriate authorities any knowledge or suspicion of money laundering or terrorist financing. JLL may be unable to inform the Client of any disclosure and may have to stop the Services for a period of time without explanation.

12.13. **Anti-bribery and corruption.** Both parties shall comply with all applicable laws, statutes, regulations, relating to anti-bribery and anti-corruption including but not limited to the Bribery Act 2010.

12.14. **RICS.** JLL is regulated by RICS for the provision of surveying services and agrees to uphold the RICS Rules of Conduct for Firms and all other applicable mandatory professional practice requirements of RICS, which can be found at www.rics.org. JLL has committed to cooperate with RICS to ensure compliance with its standards and has appointed Simon Peacock as its Responsible Principal: complianceukandi@jll.com

12.16. **Governing Law.** The Agreement and any disputes arising from it (including non-contractual claims and disputes) are governed by English Law.

12.17. **Jurisdiction.** Each Party irrevocably agrees that the English courts shall have exclusive jurisdiction over any dispute or claim arising out of or in connection with this agreement or its subject matter or formation (including non-contractual disputes or claims).

12.17. **Language.** These Terms are provided in English and JLL will communicate with the Client in English.

12.18. **Survival.** Clauses 5 to 10 shall survive termination of the Agreement.

Appendix 4

Sensitivity Analysis

Sensitivity Analysis

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

Category	Basis of Value	EUV-SH	MV-T
Extra Care	MV-T	£990,000	£1,550,000
GN Affordable Rent	MV-T	£12,520,000	£18,790,000
GN Social Rent	EUV-SH	£7,680,000	-
GN Social Rent	MV-T	£183,970,000	£442,020,000
HOP self-contained	EUV-SH	£4,640,000	-
HOP self-contained	MV-T	£3,960,000	£5,080,000
Intermediate Rent	MV-T	£140,000	£220,000
Supported & shared amenities	EUV-SH	£560,000	-
Supported & shared amenities	MV-T	£290,000	£230,000
Supported self-contained	EUV-SH	£660,000	-
Supported self-contained	MV-T	£3,380,000	£6,600,000
Shared Ownership	EUV-SH	£14,940,000	-
Total		£233,730,000	£474,490,000

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:

Category	Basis of Value	Management plus 10% (EUV-SH)	Management plus 10% (MV-T)	Repairs plus 10% (EUV-SH)	Repairs plus 10% (MV-T)
Extra Care	MV-T	£1,060,000	£1,640,000	£1,000,000	£1,600,000
GN Affordable Rent	MV-T	£13,580,000	£19,500,000	£13,350,000	£19,460,000
GN Social Rent	EUV-SH	£8,340,000	-	£7,980,000	-
GN Social Rent	MV-T	£200,660,000	£464,440,000	£193,910,000	£462,620,000
HOP self-contained	EUV-SH	£5,030,000	-	£4,880,000	-
HOP self-contained	MV-T	£4,250,000	£5,310,000	£3,990,000	£5,150,000
Intermediate Rent	MV-T	£150,000	£230,000	£140,000	£230,000
Supported & shared amenities	EUV-SH	£610,000	-	£580,000	-

Supported & shared amenities	MV-T	£310,000	£240,000	£300,000	£230,000
Supported self-contained	EUV-SH	£710,000	-	£700,000	-
Supported self-contained	MV-T	£3,660,000	£6,830,000	£3,570,000	£6,810,000
Shared Ownership	EUV-SH	£16,150,000	-	£16,150,000	-
Total		£254,510,000	£498,190,000	£246,550,000	£496,100,000

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:

Category	Basis of Value	10% fall in MV-VP	10% fall in Market Rent	10% fall in MV-VP and Market Rent
Extra Care	MV-T	£1,630,000	£1,480,000	£1,450,000
GN Affordable Rent	MV-T	£18,560,000	£18,730,000	£17,660,000
GN Social Rent	MV-T	£444,130,000	£445,350,000	£421,720,000
HOP self-contained	MV-T	£5,170,000	£4,900,000	£4,700,000
Intermediate Rent	MV-T	£240,000	£210,000	£210,000
Market Rent	MV-T	£1,170,000	£1,230,000	£1,140,000
Supported & shared amenities	MV-T	£250,000	£210,000	£210,000
Supported self-contained	MV-T	£6,450,000	£6,620,000	£6,190,000
Shared Ownership	EUV-SH	£15,500,000	-	£15,500,000
Total		£493,100,000	£478,730,000	£468,780,000

Appendix 6

Housing Market Commentary

JLL Residential Market Commentary – March 2026

UK Economy

All nine members of the Monetary Policy Committee unanimously voted to hold rates at 3.75 per cent at the March meeting. This came as little surprise considering the many unknowns around the length and impact of the conflict in the Middle East. Just a few weeks back, following the February meeting the odds on a rate cut topped 80 per cent, with observers hinting at further downward movements in the coming months. Obviously much has changed since then.

But with odds on a reduction in the Bank Rate falling from near certainty to less than 10 per cent in the run-up, market attention shifted to what committee members were saying rather than the decision itself. Some thought (or hoped) the committee would choose to 'look through' energy cost driven inflation risk and concentrate on the ongoing weakness in the employment market. But the Bank's key focus – keeping inflation in check rather than focussing on growth won out.

The Bank of England's decision to maintain its current interest rate stance reflects a broader pattern of monetary policy restraint among major central banks worldwide. The narrative emerging from all the Central Banks' announcements was one of caution. The US Federal Reserve opted to keep rates within its existing 3.5 per cent to 3.75 per cent range, signalling continued caution in its approach to monetary adjustment. Canada held firm at 2.25 per cent, while both the Bank of Japan at 0.75 per cent and the European Central Bank at 2 per cent announced they too would be maintaining their respective rates for the time being.

Outlook for Inflation

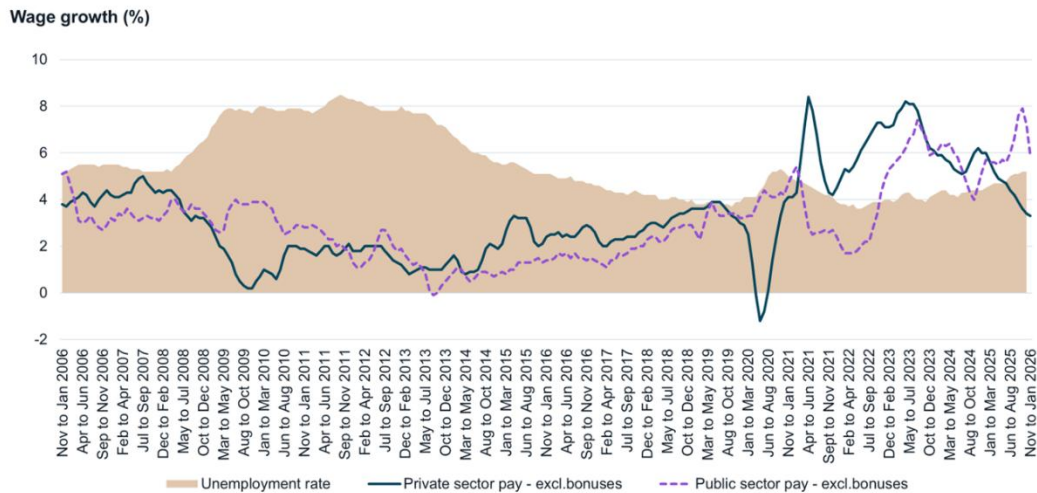
Maintaining its key focus on inflation, the Bank emphasised that it will be monitoring developments "extremely closely" and stands ready to act to ensure inflation returns to the 2 per cent target level. With the Consumer Prices Index (CPI) having fallen to 3 per cent in January, MPC forecasts back in February had anticipated inflation dropping back towards 2 per cent from as early as April, largely thanks to falls in the energy price cap. However, on Thursday, the MPC acknowledged that recent increases in wholesale energy costs would delay inflation's return to target, as these rises were already translating into higher fuel prices at the forecourt. The Committee now expects inflation to sit at around 3 per cent in the second quarter of 2026, a notable increase from the 2.1 per cent in the February forecast.

Looking ahead, higher wholesale gas prices are likely to feed through into a higher Ofgem energy price cap from July, which the Bank anticipates could add 0.75 percentage points to inflation over the third quarter. When combined with the prospect of firms passing on elevated energy costs to consumers, the MPC warned that CPI inflation could climb to as much as 3.5 per cent in the third quarter, considerably higher than the previous 2 per cent forecast.

Employment Figures

The latest government figures revealed continued weakness in employment markets. Growth in private sector wages, excluding bonuses, was 3.3 per cent in the three months to January, below the 3.5 per cent expected by the markets. The jobless rate remained at 5.2 per cent, marginally lower than the 5.3 per cent forecast previously.

Wage growth drops to five-year low



UK wage growth dropped to its lowest level since 2022 in the three months to November, rising 4.5 per cent year-on-year. Yet despite the recent drop in the rate of wage inflation, increases in earnings have been outpacing house prices for some time now. This has resulted in house price to earnings ratio dropping from a high of 6.9 times earnings in Q2 2022 to 5.6 times in Q4 2025. This means house prices, when measured as a multiple of earnings are at their most affordable for over a decade.

London has followed a similar trajectory. Back in 2016 average London house price hit 11.7 times earnings but almost a decade on the ratio had fallen to 8.8. The last time London had a similar ratio was back in Q4 2013.

Impact on Mortgage Rates

With oil breaching \$100 a barrel and the prospect of higher inflation for longer, swap rates (the benchmark rate for fixed rate mortgages) have risen. Markets are certainly pricing in the uncertainty – particularly in the short term, with two-year swaps now sitting higher than five-year. Products are being pulled, with the last of the sub 4 per cent deals now disappearing from lenders' books. Moneyfacts data shows the average shelf-life of mortgage products fell from 33 days in early February to 14 in early March, the lowest for over two years.

Moneyfacts tracked the removal of 600 mortgage products over the past few weeks. Not great news for borrowers, but this does reflect only around 10 per cent of the overall market. The number of mortgage products available is still more than double those offered in the weeks following the 2022 mini-Budget. Average two-year fixed rates have risen from 4.84 per cent at the start of March to 5.32 per cent on the morning of the MPC meeting.

The Housing Market

Uncertainty often leads to greater caution among buyers, particularly those who are less needs driven. In the short term, we expect those who have already locked in more favourable mortgage deals will be keen to push through transactions. But for those thinking of entering the market, heightened uncertainty alongside higher rates will likely deter some from moving.

Our 2026 forecast, made back in November, always predicted a stronger H2 than H1. It's still too early to call, and we are obviously all hoping for a swift resolution to the current conflict. But if the conflict persists, we could see a delay in the recovery this year.

Leasehold Reform

The government has finally published the Draft Commonhold and Leasehold Reform Bill. Reactions differ depending on which side of the leasehold fence one sits. Owners of freeholds bought as investments (which include individuals and larger institutions) will be assessing the implications for income. Developers too will be keen for more clarity on the impact of commonhold structures for future development. But for individuals owning leasehold properties or those looking to buy the reaction remains positive. The proposed capping of annual ground rents at £250 from 2028 (dropping to a peppercorn rent after 40 years) will mean existing homeowners who own properties with more complex ground rent structures (doubling ground rents being one of the most challenging) finding it easier to secure a mortgage or sell their homes. It also reassures prospective owners that costs will not escalate going forward, supporting increased activity in the market. With challenges around escalating service charges, the greater transparency a commonhold structure brings may mean common holders have more control (or at least better oversight) of fees charged too.

Renters Rights Act

The Renters' Rights Bill gained Royal Assent on 27 October. With the bill now an Act, we have clarity on the content of the new legislation which will be phased in over months, or some cases years, rather than implemented immediately.

We do have timings for some of the major reforms. The first key date was 27 December 2025, when measures to strengthen the powers of local authorities came into force. Councils now have stronger powers to enforce housing regulations. They can request information from any landlord, letting agent, or property manager who has worked in the past 12 months and can visit properties to investigate suspected rule-breaking. They can also conduct more compliance checks, including verifying that letting agents have proper Client Money Protection schemes and by using tax and benefit databases to identify non-compliance.

From 1 May 2026, Section 21 no fault evictions will be abolished, and most new and existing tenancies will become Assured Periodic Tenancies. Landlords with unexpired Section 21 notices will only be able to make a valid possession claim for the first three months. Tenants will be able to stay in their property for as long as they want, or until a landlord serves a valid section 8 notice. Tenants will be able to end their tenancy by giving two months' notice. Landlords retain access to specific grounds for possession when they have legitimate reasons to reclaim their property. These include persistent rent arrears, anti-social behaviour, or a genuine need to sell or move back in.

Landlords who already have a written tenancy agreement in place do not need to change it or issue a new one. They will be required to provide tenants with a copy of the government 'Information Sheet' on or before 31 May 2026 – this will be published online in March 2026. For new PRS tenancies created after 1 May 2026, Landlords will need to provide tenants with a written tenancy agreement. Details on the exact information to include will require secondary legislation, with a draft expected in January 2026 to allow landlords and their agents to prepare new tenancy agreement templates in advance of 1 May.

Rent increases will be limited to one a year, with landlords being required to follow a revised section 13 procedure. Notice of rent increases must be given at least two months before it is due to take

effect. From 1 May all rent increases can be challenged by tenants at the Property Tribunal. Properties must be advertised at a specific asking rent and offers above this amount cannot legally be accepted. Landlords or their agents can no longer request more than one month's rent in advance.

Tenants have strengthened rights to request pets, which must be considered within 28 days. Landlords must provide a valid reason to refuse. In addition, it will be illegal to discriminate against tenants with children or those receiving benefits. Landlords and letting agents cannot take any action to discourage or prevent these groups from renting, including hiding property information, refusing viewings, or denying tenancies based on having children or receiving benefits.

Phase 2 of the Act is to be rolled out in two stages beginning from late 2026. This will include a PRS Landlord Database which will be a legal requirement for all PRS landlords, who will be required to pay an annual fee – cost yet to be confirmed. It is expected that landlords will need to provide contact details, details on the property and its inhabitants alongside safety information including Gas, Electric and EPC certificates. To allow time for landlords to comply, Stage 1 will be introduced 12-18 months before implementation. It is expected that the completion of Phase 1 and commencement of Phase 2 will not occur until 2028.

Stage 2 of Phase 2 is the Public access to the Database will be introduced, with a fully operational Database a pre-requisite for the introduction of the PRS Landlord Ombudsman who will handle tenant complaints, provide binding resolutions, as well as support landlords with tools and guidance on handling tenant complaints. The implementation of the Ombudsman will only take place once the Database is fully operational.

Stage 3 are plans to extend the Decent Homes Standard to private rentals, requiring landlords to maintain properties to specific safety and quality benchmarks. No date has been set, with a consultation still to take place.

Housing Delivery

The government's commitment to 1.5 million homes appears unwavering, however 18 months from coming to power the delivery of new homes has reached near record lows. The government will welcome some positive headlines, with an 18 per cent annual increase in housing starts in the year to September 2025. However, changes to building regulations meant starts spiked and then dropped back in Q2 2023, meaning the hike in starts comes off an abnormally low base.

In London Molior's latest release was mixed too. The number of starts totalled just over 5,500 in 2025 - it was 34,000 a decade earlier - meaning Molior's London starts in 2025 were just 6 per cent of London's 88,000 housing needs target. But there was a glimmer of hope, with Q4 starts rising, accounting for 41 per cent of the albeit low 2025 total.

Affordable Housing – Rent Convergence

The government has set out the detail behind rent convergence for social housing. The announcements are designed to address the difference in rents charged for some social homes and formula rents for comparable properties. This means more fairness for tenants who won't pay vastly different rates for similar homes just because they've lived in a property for longer or have a different social landlord. From April 2027 affordable housing providers will be able to increase rents by £1 per week over and above CPI plus 1 per cent rising to £2 per week above CPI+1 from April 2028. Rent convergence can run for up to ten years, or until they reach parity. London has the widest gap and is expected to take the longest with some regional markets needing only a year or so to regain lost

ground. The announcements on rent convergence are seen as key in underpinning providers' balance sheets and ensuring they have the confidence and financial ability to deliver more homes.

Details were also shared on the £2.5bn of low-cost loans for housing associations announced at the spending review. The 25-year loans will have an interest rate of 0.1 per cent. £250m will be set aside to support section 106, with the remaining 90 per cent supporting the delivery of social housing through grant-funding.

UK Investment – Living Sector

A record £22.8bn was invested in UK Living in 2025, with healthcare contributing more than half of the total as it ended the year with several £1bn+ M&A deals. Excluding healthcare, investment grew a more modest 2 per cent to £10.1bn, rising for the second year running from the trough in 2023 (£8.9bn). Single family investment overtook multifamily in 2025 with £2.6bn invested, accounting for just over half of all build-to-rent investment last year.

The 2024/25 student data released by HESA gives us a glimpse at the first full year impact of restrictions on international students brought in at the start of 2024. The number of international students has fallen 10 per cent from its 2022/23 peak, totalling 686,000 in 2024/25. Though still above the UK's (now scrapped) 600,000 target, it does represent a significant fall at a time that universities remain reliant on international tuition fees. The slowdown among international students resulted in a marginal 1 per cent decline in total university students. Despite a degree of uncertainty, investors were still active in the student market, with £4.6bn of investment completing across the year, up 22 per cent annually.

JLL data on UK real estate investment volumes (all sectors), shows volumes increased 64 per cent quarter on quarter to £16.4bn in Q4, from £10.0bn in Q3. This represented a 28 per cent increase on 2024 where volumes reached £12.8bn in Q4. Growth also remained higher than the long-run average, at 10 per cent above the 10-year Q4 average.

A strong Q4 means total 2025 volumes rose to £49.0bn, 27 per cent above 2024 volumes of £38.7bn and 2 per cent above the 10-year average.

Forecasts

Following the 2025 Budget and with a positive response from the bond markets and the Bank of England in rate cutting mode means we are seeing more competitive mortgage rates enter the market, which will, we expect, support activity and price growth over the next five years, albeit at the lower end of historic norms.

The High Value Council Tax Surcharge is perhaps the least damaging to market activity of the proposed 'mansion' taxes floated pre-budget. And while we expect that it may impact some buyers and homeowners' decision to purchase, the annual charge is more likely to be begrudgingly absorbed rather than directly impacting decision-making.

The 2% additional tax rate for property income also hits smaller landlords, many of whom have seen profit margins shrink and are facing additional regulatory hoops with the introduction of the Renters' Rights Act.

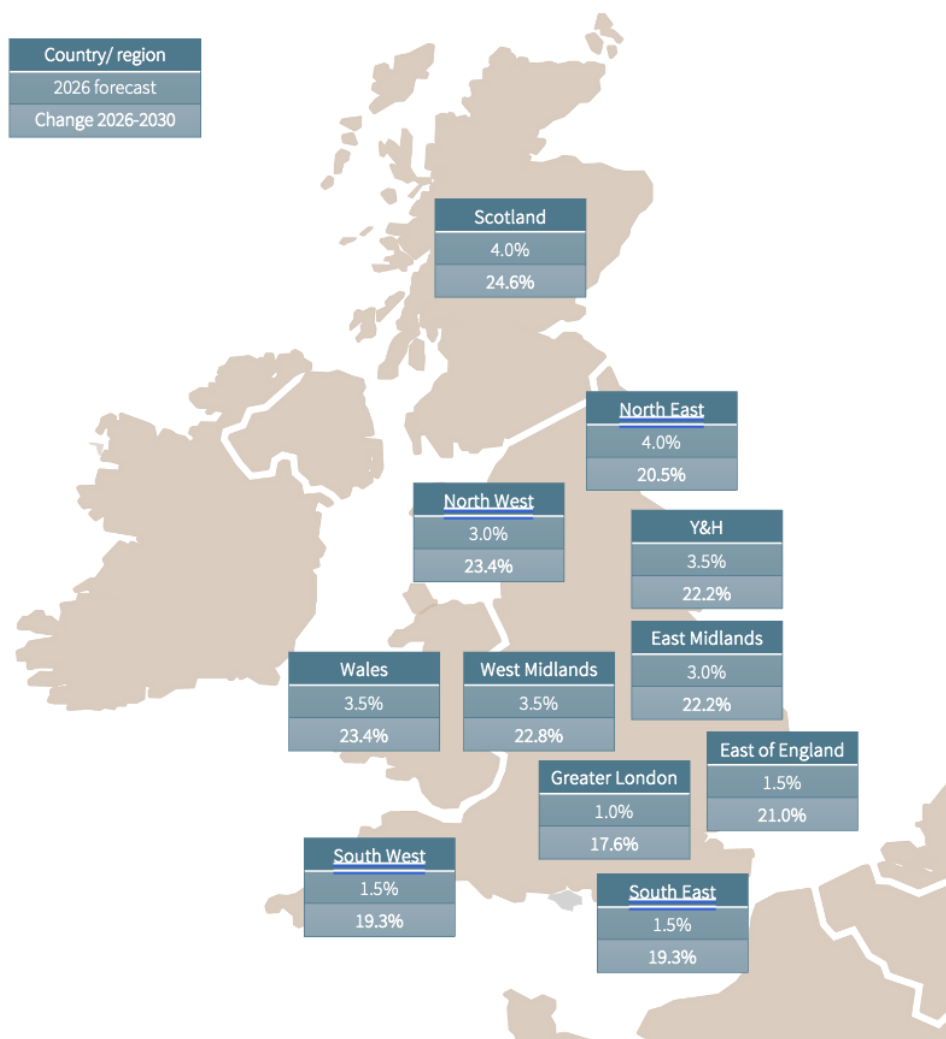
We expect this will further encourage landlords on the fence to exit, constraining supply and putting upward pressure on rents.

The Budget contained many references to growth, but there were few clear policies that signalled it, a view shared by the OBR in their downbeat forecast for growth and productivity.

So, in the absence of any demand side incentives for housing we are relying on an improvement in wider market conditions to support growth. Here there is some more positive news, with the Bank of England now in the rate cutting phase of the cycle, and expectation for up to three further cuts to the Base Rate by next summer. An easing in rates and some improvements in housing affordability, with house prices having underperformed wage growth, will help here too. But we expect this will mean a recovery to long term norms, rather than any significant outperformance.

JLL UK Residential Forecasts 2026-2030

House price forecasts



Source: JLL

House Prices

JLL forecast house prices will rise by 20% over the next five years UK-wide. More affordable regions are expected to outperform in the near-term, with London and southern England forecast to see stronger growth towards the back end of our five-year period.

Overall, we expect growth of 17.6% across Greater London between 2026 and 2030, compared with 23.4% in the strongest performing English region the North West. Scotland and Wales, usually seeing stronger growth at the tail end of the housing cycle are expected to see prices rise by 24.6% and 23.4%, respectively.

For central London, clarity around taxation, and the absence of some of the more draconian policies floated pre-Budget will confine the most significant price falls to 2025. JLL's central London sales business had its busiest month in 17 months in November, with anxious central London buyers holding off until the Budget now transacting.

Price falls in central London are expected to bottom out in H1 2026, as fears of more onerous tax changes subside post-Budget. But with a more domestic focussed buyer pool still looking for value we don't expect this will translate into meaningful price increase until later in the five-year forecast period. Meaning prices ending 2026 flat and rising 17% in the five years to 2030.

JLL House Price Forecast

	2025	2026	2027	2028	2029	2030	Change 2026-2030
UK	1.5%	2.0%	4.0%	4.5%	4.5%	3.5%	19.9%
Greater London	-1.0%	1.0%	2.5%	3.5%	5.0%	4.5%	17.6%
Central London	-5.0%	0.0%	2.0%	4.0%	5.0%	5.0%	17.0%

Source: JLL Research

Rental Market

The additional tax burden for landlords post-Budget, alongside concerns over the implementation of the Renters' Rights Act will mean constrained supply continues, as more landlords exit than enter the sector, supporting rental growth.

We forecast rents will rise at marginally above wage growth over the next five years, with 15.9% growth between 2026 and 2030 nationally. A more settled outlook for inflation and wages means our expectations on rental growth are more muted than recent highs. However, this reflects a return to pre-pandemic norms rather than a fundamental shift in market dynamics. Rental growth is forecast to be marginally higher in London, with growth of 17% across Greater London and 16.5% in central London over the same period.

JLL Rental Growth Forecast

	2025	2026	2027	2028	2029	2030	Change 2026-2030
UK	3.0%	2.5%	2.5%	3.0%	3.5%	3.5%	15.9%
Greater London	3.5%	2.0%	3.0%	3.5%	4.0%	3.5%	17.0%
Central London	2.5%	1.5%	3.0%	3.0%	4.0%	4.0%	16.5%

Source: JLL Research

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Appendix 7

Social Housing Market Commentary

UK Social Housing Market Commentary

Demand

There were over 1.33 million households on local authority waiting lists as at 31 March 2024ⁱ. This represents an increase of 50,000 households (3.9%) compared to 31 March 2023. This is the highest number of households on the waiting list since 2014.

Waiting list data is summarised by government office region (GOR) in the table below:

Region	Waiting list as at 31 March 2023
South West	130,120
East of England	94,406
South East	118,420
North West	207,173
North East	68,183
East Midlands	87,001
Greater London	336,357
West Midlands	116,565
Yorkshire and The Humber	172,377
England	1,330,602

Housing Starts

According to the government's *Affordable housing supply in England: 2023 to 2024* data published by the Ministry of Housing, Communities & Local Government (MHCLG) on 26 June 2025, there were c.63k affordable homes delivered (completions) in England in 2023-24, on par with the previous year.

65% of new affordable housing completions were for rent (including social, affordable and intermediate rent), similar to the previous 4 years.

45% of all affordable homes delivered in 2023-24 were funded through Section 106 (nil grant) agreements, compared to 47% in the previous year.

94% of affordable homes delivered in England were new build (excluding unknowns), the same percentage as the previous year.

58,409 of affordable homes delivered in England were new build in 2023-24, the highest number of new build affordable housing on record.

There were 44,027 starts on site in England in 2023-24, a fall of 38% compared to the previous year and the lowest number since this data started being collected in 2015-16.

The following table summarises the total additional affordable housing dwellings by GOR – Completions for the last 5 years published by MHCLG on 26 June 2025:

Region	2019/20	2020/21	2021/22	2022/23	2023/24
South West	6,677	5,084	5,875	6,326	5,466
East of England	7,774	6,617	7,205	6,951	8,217
South East	11,354	9,274	11,138	11,369	10,872
North West	5,850	5,383	6,288	7,078	7,207
North East	2,587	1,751	2,275	1,868	2,061
East Midlands	4,494	3,831	4,755	4,461	5,507
Greater London	10,897	10,863	11,889	15,768	12,719
West Midlands	5,630	5,666	6,107	5,791	6,413
Yorkshire and The Humber	3,701	3,603	3,638	4,297	5,281
England	58,964	52,072	59,170	63,909	63,743

MHCLG - A New Plan

On 2 July 2025, MHCLG announced the following five step plan to deliver a decade of renewal for social and affordable housing:

- Step 1 - Deliver the biggest boost to grant funding in a generation
- Step 2 - Rebuild the sector's capacity to borrow and invest in new and existing homes
- Step 3 - Establish an effective and stable regulatory regime
- Step 4 - Reinvigorate council housebuilding
- Step 5 - Forge a renewed partnership with the sector to build at scale.

Unprecedented Investment in Social and Affordable Housing

The UK government has announced the largest long-term investment in social and affordable housing in recent memory launching a new 10-year £39 billion Social and Affordable Homes Programme (SAHP) running from 2026-2036. This programme aims to maximize housing supply with an ambitious target of delivering around 300,000 social and affordable homes, with at least 60% designated as Social Rent properties. If successful, this would deliver approximately 180,000 Social Rent homes - six times more than the grant-funded Social Rent homes delivered in the previous decade. The programme is designed to be flexible, supporting diverse housing types including council-built homes, supported housing, and rural developments, while maintaining value-for-money assessments.

Financial Capacity Restoration and Investment Support

Recognising that housing associations and councils have weakened financial capacity due to building safety requirements, rising costs, and previous rent cuts, the government is implementing comprehensive financial reforms. Social housing rents will be permitted to increase by CPI+1% annually from April 2026, with this settlement extended to 10 years for greater certainty.

A consultation on a rent convergence mechanism has recently closed. Such a mechanism will allow below-formula rents to increase gradually to standard levels by either £1 or £2 per week until the formula rent is reached. Additionally, £2.5 billion in low-interest loans will be made available to complement commercial lending, while social landlords will gain equal access to government building safety remediation funding for the first time, receiving over £1 billion between 2026-30.

Modernized Regulatory Standards and Safety Requirements

The government is establishing updated regulatory standards to ensure the 4 million existing social homes are safe, decent, and warm. Key safety measures include implementing Awaab's Law with strict timeframes for addressing damp, mould, and emergency hazards, and new electrical safety requirements mandating 5-yearly installation checks. The government is currently consulting on revised Decent Homes Standards that will be implemented by 2035, incorporating updated Minimum Energy Efficiency Standards requiring EPC band C by 2030. New professional competence requirements will come into force in 2026, alongside improved tenant access to information and a £1 million Resident Experience Innovation Fund.

Council Housebuilding Revival and Right to Buy Reforms

To reinvigorate council housebuilding, which has averaged only 8,000 homes annually over the past five years, the government is implementing comprehensive Right to Buy reforms. These include extending the eligibility period from 3 to 10 years of public sector tenancy, reducing discounts to start at 5% rising to a maximum 15%, and exempting newly built social homes from Right to Buy for 35 years. The government is also reviewing Housing Revenue Account thresholds, launching a £12 million Council Housebuilding Skills and Capacity Programme, and establishing a new Association of Directors of Housing to facilitate collaboration and best practice sharing among councils.

Sector-Wide Partnership and Delivery Commitment

The government is issuing a "call to arms" to all stakeholders in the social and affordable housing sector, including local authorities, housing associations, investors, developers, and regulators, to collaborate in delivering this ambitious renewal programme. The focus extends beyond new construction to include upgrading existing homes and unlocking Section 106 affordable housing agreements, which historically contribute nearly half of all affordable homes annually. The government will work intensively with providers over the coming months to agree joint delivery ambitions and will actively engage with tenant groups through their Resident Panel to ensure voices are heard throughout this transformational decade-long initiative.

JLL Research Analysis on the New Affordable Homes Programme

JLL Research has conducted an analysis of the government's new £39 billion Affordable Homes Programme (AHP), finding that while it represents the largest government commitment to affordable housing in half a century, significant challenges remain in meeting national housing targets. Our research suggests the programme could potentially deliver up to 500,000 affordable homes over the next decade - approximately 50,000 homes per year at a stretch - but this would still fall short of the government's ambitious 1.5 million new homes target for this parliament.

Funding Gap and Private Finance Requirements

The core challenge is a substantial viability gap that would require approximately £100 billion in additional private finance to bridge. While £39 billion sounds substantial, if used purely for full funding, it could only cover around 130,000 three-bedroom homes over the decade when accounting for land, build costs, and other expenses. The grant money is not designed to cover the full cost of affordable homes, meaning the social housing sector - already operating near its borrowing limits - would need to secure significant additional private investment to make the programme viable.

Structural and Market Challenges

Beyond funding constraints, there are several systemic challenges that could impact delivery. The construction industry faces a severe workforce shortage, with 200,000 fewer workers than pre-pandemic levels and 500,000 fewer than before the global financial crisis. Additionally, the success of planning reforms in delivering increased permissions remains uncertain. Our research emphasises the critical importance of the 10-year rent settlement and rent convergence in addressing these viability challenges, alongside the expectation that a significant portion of affordable housing delivery will continue through Section 106 agreements.

Market Optimism and Additional Investment

Despite the challenges, we've identified positive market trends that could support the programme's success. Confidence is gradually improving in the UK housing market, with the Bank of England expected to continue reducing interest rates. This improved affordability environment benefits not only first-time buyers but also landlords, with JLL's Landlord Survey revealing that half would consider expanding their portfolios if rates fell below 3%. The Spending Review's allocation of

£10 billion for financial investments, with roughly half going to Homes England, is expected to unlock new homes across all tenures, particularly private rental housing.

Stock Rationalisation Market

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).

Since 2020, trades of general needs and shared ownership homes among Registered Providers have topped £3.6bn, with transaction volumes growing in recent years and in the last 12 months our Portfolio Transactions team has been directly involved in £900m of affordable housing transactions.

Portfolios have ranged in size between c.150 to over 1,000 homes, and £10m and £100m, with larger portfolios being lotted according to interest from RPs in each area. These prices represent a gross yield range between 5.0% and 8%. In the majority of cases these portfolios have been marketed via competitive tender process and have received multiple bids. Premiums on these transactions have ranged between having no premium and trading at EUV-SH to c.135% of EUV-SH.

ⁱ Local Authority Housing Statistics dataset, England 2023-24

Value and Risk Advisory

We are value and risk advisory experts supporting you through the changing world of real estate.

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