PLACES FOR PEOPLE HOMES LIMITED

(incorporated in England with limited liability under the Industrial and Provident Societies Act 1965 with registration number 19447R and registered with the Housing Corporation under the Housing Act 1996 with number L0659)

£180,000,000 5.09 per cent. Secured Bonds due 2043

(to be consolidated and form a single series with the £200,000,000 5.09 per cent. Secured Bonds due 2043 issued on 10 July 2003)

Issue price: 82.303 per cent.

(plus 160 days' accrued interest in respect of the period from and including 31 July 2008 to but excluding 7 January 2009 at a rate of 5.09 per cent. per annum)

On 10 July 2003, Places for People Homes Limited (formerly known as North British Housing Limited) (the **Issuer**) issued its £200,000,000 5.09 per cent. Secured Bonds due 2043, all of which remain outstanding on the date hereof (the **Original Bonds**) with authority to issue further secured bonds ranking *pari passu* in point of security therewith. The £180,000,000 5.09 per cent. Secured Bonds due 2043 of the Issuer (the **New Bonds**) will be issued at the issue price stated above, plus accrued interest, on 7 January 2009 (or such later date as may be agreed between the Issuer and Royal Bank of Canada Europe Limited (the **Dealer**)) (the **Closing Date**). The New Bonds will be consolidated, form a single series and rank *pari passu* with the Original Bonds (together with the New Bonds, the **Bonds**) on issue, but will not have the same ISIN and Common Code as the Original Bonds until 16 February 2009.

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (**FSMA**) (the **UK Listing Authority**) for the New Bonds to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange plc (the **London Stock Exchange**) for the New Bonds to be admitted to trading on the London Stock Exchange's regulated market. The London Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**).

Interest on the Bonds is payable semi-annually in arrear on 31 January and 31 July in each year (each an **Interest Payment Date**). The New Bonds will rank for the full amount of interest payable on the next Interest Payment Date, 31 January 2009.

The Issuer may, at its option, redeem all, but not some only, of the Bonds on the Interest Payment Date falling on 31 July 2024 (the **Scheduled Redemption Date**) at their nominal amount plus accrued interest or on any Interest Date falling prior to the Scheduled Redemption Date at the higher of their nominal amount and an amount calculated by reference to the yield on 8 per cent. Treasury Stock 2021, together with accrued interest. The Issuer may also, at its option, redeem all, but not some only, of the Bonds at any time at their nominal amount plus accrued interest, in the event of certain tax changes as described in Condition 6(D) (*Redemption for tax reasons*). Unless previously redeemed the Bonds will be redeemed in full on 31 July 2043 (the **Final Maturity Date**).

It is expected that the New Bonds will be rated "Aa2" by Moody's Investors Service, Inc. (**Moody's**) and "AA-" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc (**S&P**). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The New Bonds will initially be represented by a temporary global bond (the **Temporary Global Bond**), without interest coupons, which will be deposited on or about the Closing Date with a common depositary for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Interests in the Temporary Global Bond will be exchangeable for interests in a permanent global bond (the **Permanent Global Bond** and, together with the Temporary Global Bond, the **Global Bonds**), without interest coupons, on or after 16 February 2009 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Bond will be exchangeable for definitive Bonds only in certain limited circumstances – see "*Summary of Provisions relating to the New Bonds while in Global Form*".

An investment in New Bonds involves certain risks. Prospective investors should have regard to the factors described under the heading "*Risk Factors*" on page 12.

Arranger and Dealer

RBC Capital Markets

The date of this Offering Circular is 5 January 2009

This Offering Circular comprises a prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the *Prospectus Directive*).

The Issuer (the *Responsible Person*) accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

DTZ Debenham Tie Leung Limited (*DTZ*) accepts responsibility for the information contained in the section "DTZ Report" and to the best of its knowledge (having taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

The only persons authorised to use this Offering Circular in connection with the offering of the New Bonds is the Dealer.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Offering Circular should be read and construed on the basis that such documents are incorporated and form part of the Offering Circular.

Neither the Dealer nor Prudential Trustee Company Limited (the *Trustee*) have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealer or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the offering of the New Bonds. Neither the Dealer nor the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the offering of the New Bonds or their distribution.

No person is or has been authorised by the Issuer or the Trustee to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the offering of the New Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Dealer or the Trustee.

To the fullest extent permitted by law, the Dealer does not accept any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by it or on its behalf in connection with the Issuer or the issue and offering of the New Bonds. The Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

Neither this Offering Circular nor any other information supplied in connection with the offering of the New Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Dealer or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the offering of the New Bonds should purchase any New Bonds. Each investor contemplating purchasing any New Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the offering of the New Bonds constitutes an offer or invitation by or on behalf of the Issuer, the Dealer or the Trustee to any person to subscribe for or to purchase any New Bonds.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of the New Bonds shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the New Bonds is correct as of any time subsequent to the date indicated in the document containing the same. The Dealer and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the New Bonds or to advise any investor in the New Bonds of any information coming to their attention. The New Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended, (the *Securities Act*) and are subject to U.S. tax law requirements. Subject to certain exceptions, the New Bonds may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the New Bonds and on distribution of this document, see "*Subscription and Sale*" below.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy the New Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of New Bonds may be restricted by law in certain jurisdictions. The Issuer, the Dealer and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that the New Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Dealer or the Trustee which is intended to permit a public offering of the New Bonds or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no New Bonds may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any New Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of New Bonds. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of New Bonds in the United States, the European Economic Area (including the United Kingdom) and Canada (see "*Subscription and Sale*").

All references in this document to *Sterling* and £ refer to the currency of the United Kingdom.

CONTENTS

	Page
Summary	5
Risk Factors	12
Documents Incorporated by Reference	19
Terms and Conditions of the Bonds	20
Summary of Provisions relating to the New Bonds while in Global Form	52
Use of Proceeds	54
Description of the Issuer	55
DTZ Report	62
United Kingdom Taxation	78
Subscription and Sale	81
General Information	83

SUMMARY

This Summary must be read as an introduction to this Offering Circular and any decision to invest in the New Bonds should be based on a consideration of this Offering Circular as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area, no civil liability will attach to the Responsible Person in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Circular. Where a claim relating to information contained in this Offering Circular is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Offering Circular before the legal proceedings are initiated.

Words and expressions defined in "*Terms and Conditions of the Bonds*" shall have the same meanings in this Summary.

Issuer:	Places for People Homes Limited (the **Issuer**). The Issuer is a registered social landlord (and will, following the implementation of the relevant sections of the Housing and Regeneration Act 2008, be a registered provider of social housing) and a not-for-profit organisation whose activities are regulated by the Housing Corporation. The Issuer's primary business objects are to provide a wide range of products and services in the housing sector including the development of new homes at affordable and open market rents, and for open market and affordable residential property sales.
Description of the New Bonds:	£180,000,000 5.09 per cent Secured Bonds due 2043 (the **New Bonds**) to be issued by the Issuer on 7 January 2009 pursuant to Clause 3 of the Trust Deed dated 10 July 2003 between the Issuer and the Trustee (the **Principal Trust Deed** and, as amended pursuant to a first supplemental trust deed to be dated the Closing Date (the **First Supplemental Trust Deed**) and as further amended or supplemented from time to time, the **Trust Deed**), which will be consolidated, form a single series and rank *pari passu* in point of security with the £200,000,000 5.09 per cent. Secured Bonds due 2043 issued on 10 July 2003 (the **Original Bonds**, together with the New Bonds, the **Bonds**).
Use of Proceeds:	The net proceeds of the issue of the New Bonds after deduction of expenses payable by the Issuer and less the New Bond Accrued Interest will be deposited in the Debt Service Reserve Account, the Repair Sinking Fund and the Initial Cash Security Account in accordance with Condition 2 (*Security*) to be held as security for the benefit of the Bondholders. Following its release to the Issuer in accordance with

	Condition 2(E) (*First Legal Mortgages over the Initial Properties*), the Initial Cash shall be applied by the Issuer to provide funds to refinance existing loans. The remaining funds (if any) will be used in furtherance of the Issuer's objects, which include, but are not limited to, the maintenance and improvement of its housing stock and the supply of additional housing. The New Bond Accrued Interest shall be held by the Issuer in order partially to fund the first interest payment due on the New Bonds on 31 January 2009.
Issue Price:	82.303 per cent. (plus 160 days' accrued interest in respect of the period from and including 31 July 2008 to but excluding 7 January 2009 at a rate of 5.09 per cent. per annum)
Form:	The New Bonds will be issued in bearer form in denominations of £1,000. The New Bonds will initially be represented by a temporary global bond exchangeable for a permanent global bond. In limited circumstances, the permanent global bond will be exchangeable for definitive bonds.
Interest:	The New Bonds will bear interest at a fixed rate of 5.09 per cent. per annum payable semi-annually in arrear on 31 January and 31 July in each year. The New Bonds will rank for the full amount of interest payable on the next Interest Payment Date, 31 January 2009.
Final Redemption:	Unless previously redeemed or purchased and cancelled in accordance with Condition 6 (*Redemption and purchase of Bonds*), the Bonds will be redeemed in full at their nominal amount on 31 July 2043 (the **Final Maturity Date**).
Early Redemption:	The Issuer may, at its option, redeem all, but not some only, of the Bonds on the Interest Payment Date falling on 31 July 2024 (the **Scheduled Redemption Date**) at their nominal amount plus accrued interest or on any Interest Payment Date falling prior to the Scheduled Redemption Date at the higher of their nominal amount and an amount calculated by reference to the yield on 8 per cent. Treasury Stock 2021, together with accrued interest. Pursuant to Clause 5.2 (*Covenant to exercise option to redeem Bonds*) of the Principal Trust Deed and Clause 3.2 (*Covenant to exercise option to redeem New Bonds*) of the First Supplemental Trust Deed, the Issuer has covenanted to exercise its option to redeem the Bonds on the Scheduled Redemption Date. If the Issuer does not exercise its option to redeem the Bonds on the Scheduled Redemption Date, the Trustee is authorised to exercise such option on behalf of the Issuer.

Early Redemption for tax reasons:	The Issuer may also, at its option, redeem all, but not some only, of the Bonds at any time at their nominal amount plus accrued interest, in the event of certain tax changes as described in Condition 6(D) (*Redemption for tax reasons*).
Purchase:	The Issuer may, at any time, purchase Bonds in accordance with the provisions of Condition 6(B) (*Purchase*). Any Bonds purchased by the Issuer (or redeemed in whole) will be cancelled and will not be available for reissue or resale.
Rescheduling Event:	If a Rescheduling Event (as defined in Condition 1 (*Definitions*)) occurs, the Issuer shall thereafter pay the Net Annual Income Received from the Security (each as defined in Condition 1 (*Definitions*)) to the credit of the Debt Service Reserve, unless the Bondholders direct otherwise by Extraordinary Resolution in accordance with Condition 6(F) (*Rescheduling Event*).
Covenants:	The Issuer has covenanted, pursuant to Condition 11 (*General Covenants*), that, so long as any of the Bonds remain outstanding, it shall send to the Trustee (and make available to the Bondholders by such means as the Issuer may notify to the Bondholders from time to time) copies of its annual report and accounts and certificates as to all (if any) withdrawals, additions and substitutions of Property comprised in the Security, at such times as specified therein. In addition, the Issuer has covenanted, pursuant to Condition 12 (*Other Covenants in relation to Security*), that, so long as the Security is in existence, it shall, *inter alia*, keep all Mortgaged Properties in a good and tenantable state of repair; insure all Mortgaged Properties against loss or damage; insure the rent payable under leases which it holds in respect of Mortgaged Properties and under leases granted by it; not create any tenancies or licences in respect of Mortgaged Properties other than tenancies or licences for periods not exceeding 21 years; not create any security interest over the Security which would rank in priority to, or *pari passu* with, the security created by the Trust Deed; notify the Trustee and the Rating Agencies of the occurrence of a Rescheduling Event; and procure that an Expenditure Certificate is provided to the Trustee and the Rating Agencies at least once in any five year period.
Minimum Income Cover:	The Issuer is required to deliver a written statement (an **Income Cover Statement**) to the Trustee within twenty-eight days of each Interest Payment Date setting out the Net Annual Income Received from the Security during the 12 months ending on such Interest Payment Date. In the event that an Income Cover Statement confirms that the Net Annual Income Cover Ratio is less than the Required Ratio, the Issuer shall ensure that the Net Annual Income Received

from the Security is thereafter paid into the Debt Service Reserve Account or shall grant additional Security in favour of the Trustee in accordance with Condition 3(B)(c) (*Income Capture*).

Debt Service Reserve:

The Issuer shall credit £9,189,117.45 from the issue proceeds in respect of the New Bonds to the Debt Service Reserve Account on the Closing Date. The Issuer shall also be required to credit monies to the Debt Service Reserve Account upon certain specified events including, *inter alia*, the occurrence of a Rescheduling Event and the Net Annual Income Cover Ratio falling below the Required Ratio.

The Debt Service Reserve shall be held and retained by the Trustee as security for the payment of principal, premium and interest in respect of the Bonds and all other monies payable under or pursuant to the Trust Deed, but may be released to the Issuer in certain specified circumstances.

Sinking Fund:

The Issuer has undertaken, pursuant to Condition 10 (*Mortgaged Properties Property Condition and Early Redemption Sinking Fund*), to procure that a Property Condition Survey is delivered to the Trustee at least once in every five year period and to take such steps as are required to bring Mortgaged Properties into a good and tenantable state of repair. In the event that the Issuer does not bring any Mortgaged Properties into a good and tenantable state of repair as required by the Property Condition Survey, it shall be required to pay such amounts as are agreed by the Surveyors into the Repair Sinking Fund and, if it fails to make such payment, the Net Annual Income Received from the Security shall thereafter be paid by the Issuer to the credit of the Debt Service Reserve Account. Such monies shall be released to the Issuer upon completion of the required repairs.

Events of Default:

Following the occurrence of a Default or an Acceleration Event (each as defined in Condition 13 (*Default and Acceleration*)) the Trustee may, and upon the request in writing of the holders of at least one-fifth in nominal amount of the Bonds then outstanding or upon being so directed by an Extraordinary Resolution of the Bondholders shall (subject in each case to it being indemnified to its satisfaction), give notice to the Issuer and the Bonds shall become immediately due and repayable.

A Default consists of the non-payment of principal, premium, interest or other monies payable in respect of the Bonds within the specified grace periods.

The Acceleration Events include, *inter alia*, the Issuer ceasing to be, taking any formal action or announcing an intention to cease to be, a Registered Social Landlord or a

Non-Profit Registered Provider; insolvency; enforcement of security granted by the Issuer (other than pursuant to the Trust Deed); default in the performance or observation of covenants, conditions or provisions of the Trust Deed; default or non-payment in respect of other indebtedness in an aggregate amount equal to or in excess of £1,000,000 (as increased proportionately by any increase in the United Kingdom General Index of Retail Prices); the Security ceasing to be, or becoming, unenforceable; and the Net Annual Income Cover Ratio being less than the Required Ratio in respect of two successive Interest Payment Dates (each as defined in Condition 7 (*Definitions*)).

Status of the New Bonds:

The New Bonds will constitute direct, general, secured and unconditional obligations of the Issuer and will rank *pari passu* without any preference among themselves and the Original Bonds.

Security:

The Issuer's obligations in respect of the Bonds are secured pursuant to the Trust Deed by the following:

(a) first ranking fixed charges over all cash and Permitted Investments forming part of the Debt Service Reserve;

(b) first ranking fixed charges over all cash and Permitted Investments forming part of the Initial Cash;

(c) first ranking legal mortgages over the Initial Properties and any Additional Properties;

(d) first ranking fixed charges over any Permitted Investments and/or cash forming part of the Substitute Cash or the Repair Sinking Fund; and

(e) first ranking fixed charges over any Permitted Investments.

The assets comprising the Security have characteristics that demonstrate capacity to produce funds to service the payments due and payable on the Bonds.

Initial Cash Security:

The Issuer shall, on the Closing Date, credit to the Initial Cash Security Account the net issue proceeds of the New Bonds (less such amount which has been applied to the Debt Service Reserve Account in accordance with Condition 2(B) (*Payments to Debt Service Reserve Account*)), other than the New Bond Accrued Interest which shall not form part of the Security.

Upon the Issuer charging one or more of the Initial Properties set out in the First Supplemental Trust Deed (which it is required to do within 18 months of the Closing

	Date) and satisfying the conditions set out in Condition 2(E) (*First Legal Mortgages over the Initial Properties*), an amount of the Initial Cash (calculated in accordance with Condition 2(E) (*First Legal Mortgages over the Initial Properties*)), together with the income earned thereon from the Closing Date, shall be released to the Issuer.
Meetings of Bondholders:	The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.
Modification, Waiver and Substitution:	The Trustee may, without the consent of Bondholders, agree any modification to, or to the waiver or authorisation of any breach or anticipated breach of, the Trust Deed or determine that any event or omission which would, or would with the issue of a certificate or passage of time, become a Default shall not do so in the circumstances and subject to the conditions described in Condition 16 (*Meetings of Bondholders, Modification, Waiver*).
Tax:	All payments of principal and interest in respect of the New Bonds will be made without withholding or deduction for taxes imposed by the United Kingdom or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. In the event that any such withholding or deduction is required, the Issuer shall, save in certain limited circumstances provided in Condition 4(J) (*Taxation*), be required to pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them if no such withholding or deduction had been required.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the New Bonds. These include income and regulatory risks, capital resources and treasury risk, housing market and operational risk, pensions risk, risks relating to the market and risks relating to the security of the New Bonds.
Listing and admission to trading:	Application has been made to the UK Listing Authority for the New Bonds to be admitted to the Official List and to the London Stock Exchange for the New Bonds to be admitted to trading on the London Stock Exchange's regulated market.
Credit Ratings:	The New Bonds are expected to be assigned on issue a rating of "Aa2" by Moody's Investors Service, Inc. and "AA-" by Standard & Poor's Ratings Services, a division of

	The McGraw-Hill Companies Inc. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Arranger and Dealer:	Royal Bank of Canada Europe Limited
Principal Paying Agent:	The Bank of New York Mellon, acting through its London Branch (formerly JPMorgan Chase Bank)
Trustee:	Prudential Trustee Company Limited
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the New Bonds in the United States, the European Economic Area (including the United Kingdom) and Canada.
Governing Law:	The New Bonds and the Trust Deed will be governed by, and construed in accordance with, English law.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the New Bonds. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the New Bonds issued are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the New Bonds, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the New Bonds may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. This section is not intended to be exhaustive and prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision. If any of the following risks actually materialise, the Issuer's business, financial condition and prospects could be materially and adversely affected. No assurance can be given that prospective New Bondholders will receive full and/or timely payment of interest and principal or ultimate recovery in relation to the New Bonds.

Factors which may affect the Issuer's ability to fulfil its obligations under the New Bonds

Liability of the Issuer under the New Bonds: The New Bonds will be obligations of the Issuer only and do not establish any liability or other obligation of any other person mentioned in this Offering Circular. The New Bonds will constitute direct, general, secured obligations of the Issuer and will rank equally among themselves and the Original Bonds.

Housing Benefit: A proportion of the rent received by the Issuer is derived from housing benefit payable by the local authority in whose area the property is situated. The reduction or termination of housing benefit may accordingly have an adverse impact on the level of rent received. Payments of housing benefit by local authorities may be delayed as a result of, among other things, the need to establish a new claimant's entitlement thereto, the failure of the claimant to regularly pay rent, an overriding interest of the claimant not to make payments direct to the landlord, industrial action or otherwise. In such circumstances, the non payment, or any delay in payment, could affect the ability of the Issuer to meet its payment obligations under the New Bonds on a timely basis.

Pursuant to the Welfare Reform Act 2007, the UK government has introduced a reform of housing benefit for private tenants. Under this, a local housing allowance, which was introduced nationally on 7 April 2008, is paid directly to individual claimants in most cases, as opposed to the previous system of payment to landlords through local authorities. The UK government does not currently plan to extend the local housing allowance to social housing, though it aims to encourage social housing tenants to take greater personal responsibility for managing their own rent payments. If the local housing allowance was extended to social housing, the Issuer would be exposed to greater risk that tenants would fail to pay rent in full or would fail to pay rent in full on a timely basis which would create greater liquidity risk.

Other Income & Regulatory Risks: There are government restrictions on the amount of rent increases which can be applied annually which act as a further constraint on the Issuer's revenues.

The Issuer also generates revenue from its housing for sale programmes (which includes shared ownership sales and outright sales) and is, therefore, exposed to market risk, in relation to housing for sale, including both demand and pricing risks. The Issuer currently receives social housing grant funding through the Housing Corporation, the government agency that, prior to the entry into force of the Housing and Regeneration Act 2008 (the **HR Act 2008**), funds new affordable homes and regulates housing associations

in England (for a further description of the HR Act 2008, see "*Housing and Regeneration Act 2008*" below). Due to the nature of grant funding, there is a risk that the subsidy will reduce over time, a risk that future grant funding could be withdrawn if the Issuer fails to comply with the Housing Corporation's regulatory framework (or that introduced by the HR Act 2008) or if development performance falls below agreed levels in terms of delivery of its approved development programme and a risk that a grant funding may be required to be repaid under certain circumstances. Any such reduction in, withdrawal of or repayment of grant funding could adversely impact the future development of the Issuer.

The challenges facing the housing market during difficult credit markets also have an impact on demand for the Issuer's property for sale provision which could place pressure on the operation cashflows and its ability to meet cash interest cover. In addition, registered social landlords are being encouraged by the Regulator to switch a number of their properties held for sale into rented provision to assist in mitigating market risk, which could have adverse short-term cashflow implications. However, the Issuer considers that, properly managed, such risk should be reasonably low given the higher than average public subsidy available from the Regulator to facilitate the transition in these circumstances.

The Housing Corporation has powers to intervene in the affairs of registered social landlords that fall into financial or managerial difficulties in order to protect the interests of tenants and to preserve the housing stock of a housing association within the social housing sector and within the regulatory regime of the Housing Corporation, including powers in relation to the 28-day moratorium on the disposal of land of a registered social landlord that is imposed upon the occurrence of certain security enforcement or insolvency related events in relation to such registered social landlord pending reaching agreement with secured creditors on a solution.

Capital Resources & Treasury Risk

To mitigate liquidity risk and augment its capital resources, the Issuer currently relies on financing through revolving committed lines of credit from major banks, typically over five years, and through revolving unsecured debt. It also holds longer term fixed rate capital markets debt which match the longer term nature of its housing assets.

The shorter term bank lines could become unavailable to the Issuer, for example if banks decline to renew existing facilities, or if a reduction in the Issuer's credit rating makes the cost of accessing the public and private debt markets prohibitive. Although the Issuer considers that the diversity of its financing helps to protect it from liquidity risk, it could find itself unable to access these sources of financing.

The Issuer is also subject to interest rate risk in respect of its variable rate lines of credit. The Issuer's treasury function has clear policies and operating parameters, including in relation to interest rate risk management, and its activities are regularly reviewed and audited. The function does not operate as a profit centre and the undertaking of speculative transactions is not permitted.

Housing Market & Operational Risk: Residential property investment is subject to varying degrees of market and operational risk. Market risks include the risk of changes to government regulation and planning and tax laws, which might adversely impact the Issuer's ability to develop land acquired, or the value of its land investments and other building development projects (which in turn may impact on its ability to satisfy any asset cover covenants which it is required to maintain in accordance with any financing documents to which it is a party), increases in interest rates, build cost inflation and the cost of financing and the need to continue to invest in its stock of housing assets held for rent and in its neighbourhoods in order to maintain its stock condition and to guard against neighbourhood decline and stock obsolescence.

Operational risks may result from major systems failure or breaches in systems security (although the Issuer has prepared disaster recovery plans in order to mitigate against this, it is dependent upon its technologies in order to deliver business process) and the consequences of theft, fraud, health and safety and environmental

issues, natural disaster and acts of terrorism. These events could result in financial loss to the Issuer, although it is indemnified in a number of instances under insurance policies for operating risks that can be mitigated through the purchase of insurance.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with securities admitted to the Official List.

Housing and Regeneration Act 2008: The Housing and Regeneration Bill of 2007 received Royal Assent on 22 July 2008. Its enactment, amongst other things, creates a new social housing regulatory regime. Pursuant to the HR Act 2008, the functions of the Housing Corporation are to be split between two new entities: the Homes and Communities Agency (the **HCA**) and the Office for Tenants and Social Landlords (the **OTSL**).

The objects of the HCA are: (a) to improve the supply and quality of housing in England; (b) to secure the regeneration or development of land or infrastructure in England; (c) to support in other ways the creation, regeneration or development of communities in England or their continued well-being; and (d) to contribute to the achievement of sustainable development and good design, each with a view to meeting the needs of people living in England.

The functions of the Housing Corporation which relate to the regulation of registered social landlords in England will be transferred to the OTSL which, under the HR Act 2008, has a set of ten statutory objectives, including ensuring that registered providers of social housing perform their functions efficiently, effectively and economically and that registered providers of social housing are financially viable and properly managed.

The transitional arrangements for the transfer of regulatory responsibility have not, as at the date of this Offering Circular, been finalised by the Department for Communities and Local Government. However, there will be a new register of providers of social housing in England, giving rise to the term "registered provider of social housing", instead of the previous concept of "registered social landlord". Unlike registered social landlords regulated under the Housing Act 1996, registered providers of social housing may operate on either a profit making or a non-profit making basis, with different regulatory regimes applicable to each type of entity. However, existing registered social landlords will automatically be treated as non-profit making registered providers for the purpose of the HR Act 2008, and will not be able to change this status.

It is not anticipated that the changes to the legislation and the regulatory framework outlined will have any material effect on the ability of the Issuer to meet its obligations under the Bonds; however, there can be no assurance of this whilst the transitional programme and the operations of the new regulatory regime remain uncertain.

The National Housing Federation (the **NHF**), which represents English housing associations, was concerned that the Bill would grant the Communities Secretary power to influence housing associations to implement government policy over non core housing activities and undermine the independence of housing association board members. The NHF is, however, broadly satisfied that the amendments made to the Bill as it passed through the House of Commons sufficiently reduce the risk of their earlier concern that the regulator's powers would bring housing associations onto the public sector balance sheet.

Pensions Risk: The Issuer operates a defined benefits occupational pension scheme (the **Scheme**) in the UK. An actuarial valuation of the Scheme was carried out at 31 March 2008 by an independent qualified actuary. The calculations for this valuation have been updated to determine the Scheme's liabilities as at 31 March 2008 according to Financial Reporting Standard 17 (FRS17). An unaudited asset value of £80.4 million has been arrived at based on the asset information provided by the Scheme's investment managers and including the balance of the scheme's trustees' bank account as at 31 March 2008. The FRS17 funding position has improved in the last 12 months with the Scheme deficit falling from £25.1 million to £11.2 million. The current requirement of the pensions regulator is that all deficits are to be cleared within ten years. The

Scheme trustees are required to negotiate with the Issuer to ensure that the deficit is reduced as quickly as possible although they are not expected to make demands which would place the Issuer in financial difficulty or trigger a collapse of the Issuer or Scheme. The Issuer has agreed to increase its contributions to the Scheme as an interim measure and has pledged its unencumbered office property assets to the Scheme in order to partly secure the position.

Factors which are material for the purpose of assessing the market risks associated with the New Bonds

Suitability: Prospective purchasers of New Bonds should ensure that they understand the nature of the New Bonds and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, accounting and financial evaluation of the merits and the risks of investment in the New Bonds and that they consider the suitability of the New Bonds as an investment in light of their own circumstances and financial condition.

Interest rate risks: The New Bonds bear interest at a fixed rate and therefore involve the risk that subsequent changes in market interest rates may adversely affect the value of the New Bonds.

Redemption prior to maturity: In the event that the New Bonds become repayable prior to maturity either following a Default or an Acceleration Event (pursuant to Condition 13 (*Default and Acceleration*)), upon an optional redemption by the Issuer on or after the Scheduled Redemption Date (in accordance with Condition 6(C) (*Early Redemption*)) or due to taxation (pursuant to Condition 6(D) (*Redemption for tax reasons*)), the Bonds will be redeemed in full at their principal amount, plus accrued interest. In such circumstances it may not be possible for an investor to reinvest the redemption proceeds at an effective rate of interest as high as the interest rate on the New Bonds. Furthermore, the optional redemption feature of the New Bonds is likely to limit their market value as the market value generally will not rise substantially above the price at which they can be redeemed.

Modification, waivers and substitution: The conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The conditions of the Bonds also provide that the Trustee may, without the consent of Bondholders, (i) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, the Trust Deed or (ii) determine that any Default or potential Default shall not be treated as such, in the circumstances set out in Condition 16(B) (*Modifications*).

Change in Law: The conditions of the New Bonds, and the ratings which are to be assigned to them, are based on English law, regulatory and administrative practice in effect as at the date of this Offering Circular, and have due regard to the expected tax treatment of all relevant entities under United Kingdom tax law and the published practice of HM Revenue & Customs in force or applied in the United Kingdom as at the date of this Offering Circular. No assurance can be given as to the impact of any possible change to English law, regulatory or administrative practice in the United Kingdom, or to United Kingdom tax law, or the interpretation or administration thereof, or to the published practice of HM Revenue & Customs as applied in the United Kingdom after the date of this Offering Circular.

European Monetary Union: It is possible that, prior to the repayment in full of the New Bonds, the United Kingdom may become a participating member state in the European Economic and Monetary Union and that the Euro will become the lawful currency of the United Kingdom. The introduction of the Euro could be accompanied by a volatile interest rate environment which could adversely affect holders of the New Bonds. It cannot be said with certainty what effect the adoption of the Euro by the United Kingdom (if it occurs) will have on the holders of the New Bonds.

Potential Conflicts of Interest: Each of the Issuer, the Dealer, the Trustee and the Paying Agents (the **Relevant Parties**) and their affiliates in the course of each of their respective businesses may provide services to other Relevant Parties and to third parties and in the course of the provision of such services it is possible that conflicts of interest may arise between such Relevant Parties and their affiliates or between such Relevant Parties and their affiliates and such third parties. Each of the Relevant Parties (other than the Issuer) and their affiliates may provide such services and enter into arrangements with any person without regard to or constraint as a result of any such conflicts of interest arising as a result of it being a Relevant Party.

Taxation: Under the conditions of the New Bonds (see Condition 4(J) (*Taxation*) below), the Issuer will not be entitled to make any deduction or withholding on account of tax from payments in respect of the New Bonds unless such withholding or deduction is required by law. In the event that any deduction or withholding on account of tax is required by law, the Issuer shall be required (except in the limited circumstances set out in Condition 4(J) (*Taxation*)) to pay such additional amounts as will result in the receipt by the Bondholders of such amounts as would have been received by them if no such withholding or deduction had been required. Where the deduction or withholding is required as a result of a change in applicable law or regulations, the Issuer may exercise its option to redeem the New Bonds in full on the next Interest Payment Date at the nominal amount, plus accrued interest pursuant to Condition 6(D) (*Redemption and Purchase of Bonds*). As mentioned above, in such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the New Bonds

For a description of the current United Kingdom law and practice relating to withholding tax treatment of the New Bonds, see below in "*United Kingdom Taxation*".

EU Savings Directive: Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any New Bond as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

Exchange rate risks and exchange controls: The Issuer will pay principal and interest on the New Bonds in Sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than Sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of Sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's

Currency relative to Sterling would decrease (1) the Investor's Currency-equivalent yield on the New Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the New Bonds and (3) the Investor's Currency-equivalent market value of the New Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Legal investment considerations may restrict certain investments: The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the New Bonds are legal investments for it, (2) the New Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the New Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the New Bonds under any applicable risk-based capital or similar rules.

Risks Relating to the Security of the New Bonds

Considerations relating to the Security: The New Bonds will be secured by security granted by the Issuer, pursuant to the Trust Deed, in favour of the Trustee for the benefit of the Bondholders and such security includes first fixed charges over the property and rights set out in the Trust Deed.

The validity of any security given by the Issuer in connection with additions and substitutions of Mortgaged Properties may depend on the solvency of the Issuer at the time of the grant.

Fixed charges may take effect under English law as floating charges: Pursuant to the Trust Deed, the Issuer has purported to grant fixed charges over, amongst other things, all rights and benefits under the Charged Account. The law of England and Wales relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer (other than assignment of security) may take effect under English law as floating charges only if, for example, it is determined that the Trustee does not exert sufficient control over the charged assets for the security to be said to "fix" over those assets. If the charges take effect as floating charges instead of fixed charges, then the claims of the Trustee will be subject to claims which are given priority over a floating charge by law, including, amongst other things, prior charges, certain subsequent charges, the expenses of any winding up or administration and the claims of preferential creditors.

Mortgagee in Possession Liability: There is a risk that the Trustee may be deemed to be a mortgagee in possession if it physically enters into possession of a Mortgaged Property or performs an act of control or influence which may amount to possession, such as submitting a demand direct to tenants requiring them to pay rents to the Trustee. The consequence of being a mortgagee in possession would be that the Trustee may be obliged to account to the Issuer for the income obtained from the Mortgaged Property, be liable for any damage to the Mortgaged Property, have a limited liability to repair the Mortgaged Property and, in certain circumstances, may be obliged to make improvements or incur financial liabilities in respect of the Mortgaged Property. A mortgagee in possession may also be liable to a tenant for any mismanagement of the relevant property and may incur liabilities to third parties in nuisance and negligence and, under certain statutes (including environmental legislation), the liabilities of a property owner.

Risks Relating to the Market Generally

Potential Limited Liquidity: The New Bonds may not have an established market when issued. There can be no assurance of a secondary market for the New Bonds or the continued liquidity of such market if one develops. The development or continued liquidity of any secondary market for the New Bonds will be

affected by a number of factors such as the state of credit markets in general and the creditworthiness of the Issuer, as well as other factors such as the time remaining to the maturity of the New Bonds.

In particular, prospective purchasers should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Offering Circular), whereby there is a general lack of liquidity in the secondary market for instruments similar to the New Bonds. Such lack of liquidity may result in investors suffering losses on the New Bonds in secondary resales even if there is no decline in the performance of the assets of the Issuer. The Issuer cannot predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Bonds and investments similar to the Bonds at that time.

Credit ratings may not reflect all risks: It is expected that the New Bonds will be rated "Aa2" by Moody's and "AA-" by S&P. These ratings may not reflect the potential impact of all risks related to the Issuer, market and other factors that may affect the value of the New Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published or are published simultaneously with this Offering Circular and have been filed with the Financial Services Authority, shall be incorporated in, and form part of, this Offering Circular:

(a) the auditor's report and audited annual financial statements of the Issuer for the financial year ended 31 March 2007; and

(b) the auditor's report and audited annual financial statements of the Issuer for the financial year ended 31 March 2008.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any New Bonds, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of New Bonds.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

TERMS AND CONDITIONS OF THE BONDS

The following is the text, subject to completion and amendment, of the Terms and Conditions which will be endorsed on the Bonds in definitive form. Bonds in definitive form will only be issued in certain limited circumstances. For a summary of the provisions relating to the New Bonds in global form see "Summary of Provisions relating to the New Bonds while in Global Form" below.

The £200,000,000 5.09 per cent. Secured Bonds due 2043 (the **Original Bonds**) of Places for People Homes Limited (formerly North British Housing Limited) (the **Issuer**) were approved by a resolution of the Board of Management of the Issuer passed on 15 January 2003 and are constituted and secured by a trust deed dated 10 July 2003 (the **Original Trust Deed**) and a first supplemental trust deed dated the Closing Date (as defined below) (the **First Supplemental Trust Deed** and, together with the Original Trust Deed as previously and subsequently modified and/or supplemented from time to time, the **Trust Deed**), each between the Issuer and Prudential Trustee Company Limited (the **Trustee**) in its capacity as trustee for the holders of the Bonds (as defined below) (the **Bondholders**).

The £180,000,000 5.09 per cent. Secured Bonds due 2043 (the **New Bonds**) were approved by a resolution of the Board of Management of the Issuer passed on 10 November 2005, a resolution of the Loans Sub-Committee of the Issuer passed on 17 September 2008 and a resolution of the Strategic Finance Committee of the Issuer passed on 2 January 2009 and are constituted and secured by the Trust Deed.

With effect on and from the date of issue of the New Bonds, the Original Bonds and the New Bonds (together with any Further Bonds issued pursuant to Condition 7 below, the **Bonds**) will be consolidated so as to form a single series.

Certain provisions of these Terms and Conditions are summaries of and are subject to the detailed provisions of the Trust Deed, which includes the form of the Bonds and the interest coupons and talons relating to the Bonds (the **Coupons** and the **Talons** respectively). Payments in relation to the Bonds will be made pursuant to a paying agency agreement dated 10 July 2003 between the Issuer, the Trustee, The Bank of New York Mellon (formerly JP Morgan Chase Bank) as principal paying agent (the **Principal Paying Agent**, which expression includes any successor principal paying agent appointed from time to time in connection with the Bonds) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression includes any successor or additional paying agents appointed from time to time in connection with the Bonds) (as supplemented by a supplemental paying agency agreement dated 7 January 2009 in respect of the New Bonds, the **Paying Agency Agreement**). Copies of the Trust Deed and the Paying Agency Agreement are available for inspection at the registered office of the Trustee (presently at Laurence Pountney Hill, London EC4R 0HH) and at the specified offices of each of the Paying Agents. The Bondholders, the holders of the Coupons (the **Couponholders**) and the holders of the Talons (the **Talonholders**), whether or not attached to the relevant Bonds, are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Trust Deed and those applicable to them of the Paying Agency Agreement. The Trust Deed and certain related documents referred to below will contain, *inter alia*, provisions to the following effect:

1. Definitions

In these Conditions:

Acceleration Event means an event within Condition 13(B) below;

Acceleration Event Notice has the meaning ascribed to it in Condition 13(D) below;

Additional Property has the meaning given to it in Condition 3(B)(c) below;

Annual Expenditure means in respect of any Property either:

(a) the figure certified by the Surveyors or Auditors in a certificate (an **Expenditure Certificate**) (prepared after consultation with the Issuer) as one fifth of the minimum level of expenditure (taking into account, without limitation, ground and head rents, service charges, council tax (or equivalent), insurance, repairs, maintenance and other outgoings, amortisation of leaseholds in accordance with generally accepted accounting principles from time to time in force and depreciation of any fixed plant and machinery thereon) which in their opinion would be required in respect of the next five years to manage and maintain such Property in good and tenantable repair and condition and which will not assume the deferral of specific work which would otherwise lead to an increase in the Annual Expenditure for the subsequent 5 year period: or

(b) if an Expenditure Certificate relating to such Property shall not have been given in the preceding 12 months, the figure in respect of such period determined in accordance with the following formula:

$$NA = OA \times \left(\frac{NIF}{OIF} + \frac{N}{100} \right)$$

where:

NA equals the Annual Expenditure figure being determined;

OA equals the Annual Expenditure figure shown in the last Expenditure Certificate;

NIF equals the Index applicable to the month in which the new Annual Expenditure figure falls to be determined;

OIF equals the Index applicable to the month in which the Annual Expenditure figure was determined in the last Expenditure Certificate; and

N equals the number of years (including fractions thereof) since the date of the last Expenditure Certificate,

provided that Annual Expenditure shall be determined in accordance with (a) above if, prior to such determination, no Expenditure Certificate has ever been produced;

Audited Accounts means a balance sheet, income and expenditure account and such other accounts or statements as have been audited and reported on as part of the accounts for the Issuer and have been prepared in accordance with the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 1996 or such other accounting requirement as shall be applicable to the Issuer from time to time;

Auditors means the auditors (or, in the case of joint auditors, any one of them) for the time being of the Issuer or, in the event of their being unable or unwilling within the time periods specified in the Trust Deed to carry out any action requested of them pursuant to the provisions of the Trust Deed, such other recognised firm of accountants as the Trustee may in writing nominate or approve for the purpose (after consultation, where practicable in the opinion of the Trustee, with the Issuer);

Authorised Institution means an institution authorised to take deposits under the FSMA, the minimum long term unsecured, unsubordinated, unguaranteed debt obligations of which are rated at least Aa2 by Moody's and AA- by S&P or such other lower credit rating as, in the circumstances

existing at the relevant time, each Rating Agency confirms will not result in the credit rating then ascribed to the Bonds being withdrawn or downgraded;

Bonds means the Original Bonds, the New Bonds and any Further Bonds;

Borrowing means any indebtedness for borrowed monies of the Issuer whether as principal or surety and whether present or future, actual or contingent, and includes:

(a) the principal amount of all debentures of the Issuer notwithstanding that the same may be or have been issued in whole or in part for a consideration other than cash;

(b) the outstanding amount of acceptances (not being acceptances of trade bills in respect of the purchase or sale of goods in the ordinary course of trading) by the Issuer or by the bank or accepting house under any acceptance credit opened on behalf of and in favour of the Issuer;

(c) the nominal amount of any share capital and the principal amount of any debentures or other borrowed moneys (not being shares or debentures which are borrowed moneys the indebtedness in respect of which is for the time being beneficially owed by the Issuer or any Subsidiary) the redemption or repayment whereof is guaranteed (or is the subject of an indemnity granted) by the Issuer; and

(d) any fixed or minimum premium payable on final redemption or repayment of any debentures, share capital or other borrowed moneys falling to be taken into account;

but for the avoidance of doubt excludes the amount of any Social Housing Grant;

Business Day means any day, other than a Saturday, a Sunday or a public holiday, on which banks are generally open for business in London;

Charged Account means an account or accounts in the name of the Trustee alone held with such bank or banks in the United Kingdom as the Trustee may direct or approve in accordance with the provisions of the Trust Deed designated "PFPH – Charged Account" and where an account is not in the name of the Trustee, charged to the Trustee pursuant to the terms of the Trust Deed;

Closing Date means 10 July 2003 in respect of the Original Bonds and 7 January 2009 in respect of the New Bonds;

Collection Statement has the meaning ascribed to that term in Condition 3(B)(b) below;

Debt Service Reserve means the aggregate of all amounts from time to time paid to the credit of the Debt Service Reserve Account together with any Permitted Investments at any time representing the same;

Debt Service Reserve Account means a Charged Account designated as such in the books of the Trustee;

Deemed Annual Income Amount has the meaning given to it in Condition 3(B)(c) below;

Default means the event within Condition 13(A) below;

Default Notice has the meaning ascribed to it in Condition 13(D) below;

Early Redemption Sinking Fund means the cash so designated in the records of the Issuer (whether in a separate account or otherwise) and secured in favour of the Trustee in accordance with Condition 10(F) below;

Encumbrance means any mortgage, pledge, lien, charge, assignment by way of security, hypothecation, security interest or any other agreement or arrangement having the effect of conferring security;

Expenditure Certificate has the meaning ascribed to that term in the definition of Annual Expenditure;

Extraordinary Resolution means a resolution of the Bondholders passed in accordance with the provisions relating thereto contained in the Trust Deed;

Final Maturity Date means 31 July 2043;

Further Bonds means any further sterling denominated secured bonds to be issued by the Issuer in accordance with Condition 7 below ranking *pari passu* in point of security with the Original Bonds and the New Bonds whether forming a single series and consolidated with the Original Bonds and the New Bonds or otherwise or, as the case may be, the amount thereof for the time being issued and outstanding or, as the context may require, a specific portion thereof;

Gross Annual Income Cover Ratio means, in relation to an Interest Payment Date and subject to Condition 8(C) below, the ratio of X to Y where:

> X is 100 multiplied by the dividend of the Gross Annual Income Received from the Security as at such Interest Payment Date divided by the outstanding nominal amount of the Bonds; and
>
> Y is 5.09;

Gross Annual Income Received means at any time when it falls to be determined:

(i) in relation to Property, the amount representing the income from such Property received by the Issuer in the period of 12 months ending on such date or the preceding Interest Payment Date, as applicable, together with, for the purpose of preparing a Collection Statement, the period of six weeks following the relevant Interest Payment Date provided that, if any amounts, as set out in a Collection Statement, are deemed to have been received during the period of 12 months ending on the Interest Payment Date prior to such Collection Statement in accordance with Condition 3(B)(b) below, such amounts shall not also be treated as income received as at the next two Interest Payment Dates following such Calculation Date and provided further that, save as otherwise agreed by the Trustee, no such income shall be attributed to any Property in which the Issuer holds a leasehold interest the term of which expires before the Final Maturity Date;

(ii) in relation to the Initial Cash, an amount equal to the Gross Annual Income Received attributable to the Initial Properties which are not Mortgaged Properties; and

(iii) in relation to other assets, the Net Annual Income Received thereof;

Gross Redemption Yield means a yield calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries, Vol. 105, Part 1, 1978, page 18;

Group means the Issuer and its Subsidiaries;

Holder has the meaning ascribed thereto in Condition 4(J) below;

Housing Corporation means the body defined as the Corporation in section 56(1) of the Housing Act 1996 (as amended from time to time) or, in the event the same ceases to exist, any public sector body which, in the opinion of the Trustee (after consulting with the Issuer), is the successor or otherwise equivalent thereto;

Income Capture Period means each and every period of time in respect of which the Issuer is under an obligation to pay the Net Annual Income Received from the Security (or part thereof) for any period to the credit of the Debt Service Reserve Account pursuant to these Conditions;

Income Cover Statement has the meaning ascribed to that term in Condition 3(A)(a) below;

Index means the United Kingdom General Index of Retail Prices (for all items) published by the Office for National Statistics or any equivalent or comparable index which in the Trustee's opinion replaces the same from time to time provided that:

(i) if at any time the Index shall be changed by the substitution of a new base therefor so that the base of 100 ceases to be the Index for January 1987 or such other date or month as may already have been substituted, then with effect from the date or month as from and including when such substitution takes effect the definition of Index shall be deemed to refer to the new date or month in substitution for January 1987 (or, as the case may be, for such other date or month as may have been substituted) and the definition of Index shall be amended in such manner as in the opinion of the Trustee is most appropriate to implement such change; and

(ii) any reference to the Index applicable to a particular month shall be construed as a reference to the Index issued two months prior to the relevant month and relating to the month before that second month;

Initial Cash means the amounts paid to, and for the time being standing to, the credit of the Initial Cash Security Account pursuant to Condition 2(D) below together with any Permitted Investments at any time representing the same;

Initial Cash Security Account means a sub-account of the Charged Account designated as such in the books of the Trustee;

Initial Debt Service Reserve Payment means the payment made to the credit of the Debt Service Reserve Account pursuant to Condition 2(B) below;

Initial Repair Sinking Fund Payment means the payment made to the credit of the Repair Sinking Fund pursuant to Condition 2(C) below;

Initial Properties means, subject to Condition 8(B) below, (a) in respect of the Original Bonds, a sufficient number of Properties set out in Schedule 8 to the Original Trust Deed as were necessary to ensure that the Required Ratio was satisfied by the Interest Payment Date falling on 31 January 2005 and (b) in respect of the New Bonds, a sufficient number of Properties set out in Schedule 4 to the First Supplemental Trust Deed as are necessary (together with the Mortgaged Properties as at the Closing Date of the New Bonds) to ensure that the Required Ratio is satisfied by the Interest Payment Date falling on 31 July 2010;

Interest Payment Date means 31 January and 31 July in each year commencing, in respect of the Original Bonds, on 31 January 2004 and, in respect of the New Bonds, on 31 January 2009;

Issuer Rating means at any time the long term rating ascribed to the Issuer by a Rating Agency in respect of the general corporate obligations of the Issuer;

Moody's means Moody's Investors Service Inc.;

Mortgaged Properties means the Properties for the time being subject to a first legal mortgage in favour of the Trustee and **Mortgaged Property** shall be construed accordingly;

Net Annual Income Received means, on any date on which it falls to be determined:

(i) in relation to a Mortgaged Property, the Gross Annual Income Received from such Mortgaged Property after deducting any value added tax but before deducting any other taxation and after making proper provision for Annual Expenditure;

(ii) in relation to the Initial Cash, an amount equal to the Net Annual Income Received attributable to the Initial Properties which are not Mortgaged Properties; and

(iii) in relation to other assets, the amount of the income accrued therefrom, including any Deemed Annual Income Amount and received by the Issuer in the period of 12 months ending on such date, before deducting taxation;

Net Annual Income Cover Ratio means, in relation to an Interest Payment Date and subject to Condition 8(C) below, the ratio of X to Y where:

X is 100 multiplied by the dividend of the Net Annual Income Received from the Security as at such Interest Payment Date divided by the outstanding nominal amount of the Bonds; and

Y is 5.09;

New Bond Accrued Interest means an amount of the issue proceeds in respect of the New Bonds equal to £4,016,219.40 representing 160 days' accrued interest in respect of the period from and including 31 July 2008 to but excluding the Closing Date in respect of the New Bonds at a rate of 5.09 per cent. per annum;

Non-Profit Registered Provider means a Registered Provider of Social Housing which is a non-profit organisation within the criteria set out in section 115 of the Housing and Regeneration Act 2008;

Original Bonds means the £200,000,000 5.09 per cent. Secured Bonds due 2043 of the Issuer constituted and secured by the Trust Deed or the amount thereof for the time being outstanding or a specific portion thereof, as the case may be;

outstanding principal amount of the Bonds means, at any time, the principal amount of the Bonds then outstanding (for the avoidance of doubt, such principal amount to take into account any amounts by which the Bonds have been redeemed);

Permitted Investments has the meaning ascribed to it in Condition 5(B) below;

Property means any freehold, leasehold or other immovable property situate in England or Wales legal title to which is held by the Issuer and in relation to which, unless agreed otherwise by the Trustee, there shall not have been granted or be outstanding (or have been agreed to be granted) any

tenancies or licences which the Issuer would not be permitted to grant (without the consent of the Trustee) under the covenant referred to in Condition 12(iv) below and which comprises in all respects: (a) if the property is unregistered, a fee simple absolute in possession or a lease created by a deed having at the relevant time a term expiring after the Final Maturity Date, or (b) if the property is registered, absolute freehold title or absolute leasehold title having at the relevant time a term expiring after the Final Maturity Date or, in either case, such other quality of title as the Trustee is advised by its solicitors is acceptable, and **Properties** means more than one of them;

Property Condition Survey means a written survey prepared by the Surveyors as at a date not more than three months prior to the date such Property Condition Survey is required or is otherwise being relied upon for the purposes of the Trust Deed confirming whether the Mortgaged Properties are as at the date of the report in good and tenantable repair and condition, with an analysis of the age of the Mortgaged Properties, the expected frequency and date of the last internal (in respect of communal areas only) and external decoration and the estimated remaining life of any major components at the Mortgaged Properties;

Rating Agency means each of Moody's, S&P and any other internationally recognised rating agency which has assigned a solicited rating to the Bonds at the relevant time, in each case for the time being designated by the Issuer with the written consent of the Trustee;

Rating Agencies' Substitution Conditions means, in relation to a substitution of one or more Mortgaged Properties, certain conditions specified in the Trust Deed which if met in relation to a Property to be substituted for such Mortgaged Properties, would not cause the Rating Agencies to withdraw or downgrade the then current credit rating of the Bonds;

Registered Provider of Social Housing means a person listed in the register of providers of social housing established under Chapter 3 of Part 2 of the Housing and Regeneration Act 2008;

Registered Social Landlord means a person registered with the Housing Corporation pursuant to section 1(2) or section 3 of the Housing Act 1996;

Repair Sinking Fund means the cash so designated in the records of the Issuer, (whether in a separate account or otherwise) and secured in favour of the Trustee, in accordance with Condition 10(E) below;

Required Ratio means, in relation to each Interest Payment Date listed below, the ratio set out below opposite such Interest Payment Date:

Interest Payment Date	Required Ratio	Interest Payment Date	Required Ratio
January 2004	1.12:1	July 2014	1.27:1
July 2004	1.12:1	January 2015	1.28:1
January 2005	1.13:1	July 2015	1.29:1
July 2005	1.14:1	January 2016	1.29:1
January 2006	1.14:1	July 2016	1.30:1
July 2006	1.15:1	January 2017	1.31:1
January 2007	1.16:1	July 2017	1.32:1
July 2007	1.16:1	January 2018	1.33:1
January 2008	1.17:1	July 2018	1.34:1
July 2008	1.18:1	January 2019	1.34:1
January 2009	1.19:1	July 2019	1.35:1
July 2009	1.19:1	January 2020	1.36:1
January 2010	1.20:1	July 2020	1.37:1

Interest Payment Date	Required Ratio	Interest Payment Date	Required Ratio
July 2010	1.21:1	January 2021	1.38:1
January 2011	1.22:1	July 2021	1.39:1
July 2011	1.22:1	January 2022	1.39:1
January 2012	1.23:1	July 2022	1.40:1
July 2012	1.24:1	January 2023	1.41:1
January 2013	1.25:1	July 2023	1.42:1
July 2013	1.25:1	January 2024	1.43:1
January 2014	1.26:1	July 2024	1.44:1

Rescheduling Event means any legislation (whether primary or secondary) being adopted or any other governmental directive of whatever type being enacted (i) abolishing or very significantly reducing housing benefit in England and Wales without its replacement by a similar scheme for the provision of support for housing costs providing either revenue or capital support or (ii) the effect of which is, in the opinion of the Trustee, tantamount to such abolition or a very significant reduction in housing benefit, in either case without any such replacement such that there would be a material adverse effect on the ability of the Issuer to meet its obligations under the Bonds and the Trust Deed, provided that for this purpose a "very significant reduction" in housing benefit shall be deemed to occur only if the total amount paid by any central or local governmental body or other public sector organisation (together **agencies**) taken together in any calendar year is reduced by more than 85 per cent. of the total amount so paid by such agencies in the preceding calendar year to Registered Social Landlords and Non-Profit Registered Providers, as the case may be, or their tenants;

reviewed by the Auditors, in relation to any statement, means that such statement has been reviewed by the Auditors, who have confirmed that the matters set out therein have been (a) properly extracted from the underlying financial records of the Issuer, (b) correctly calculated and (c) prepared in accordance with the provisions of the Trust Deed;

S&P means Standard and Poor's Ratings Group, a division of The McGraw-Hill Companies Inc.;

Scheduled Redemption Date means 31 July 2024;

Security means the Debt Service Reserve, the Substituting Cash, the Repair Sinking Fund, the Mortgaged Properties, the Initial Cash and any cash and/or Permitted Investments delivered pursuant to Condition 3(B)(c)(ii) below;

Shortfall Amount has the meaning attributed to that term in Condition 5(E) below;

Social Housing Grant means a grant or subsidy including the value of any land transferred at nil cost or, in the case of land transferred at a reduced monetary consideration, the difference between such land's value at the time of transfer and the amount of consideration paid (i) under section 18, 20 and/or 21 of the Housing Act 1996 or section 50 of the Housing Act 1988 or any previous equivalent grant or any grant replacing or substituted for such from time to time (provided always that a grant or subsidy paid pursuant to sections 19 or 35 of the Housing and Regeneration Act 2008 shall only be considered for the purposes of this definition to the extent that the same would have been payable under sections 18, 20 or 21 of the Housing Act 1996, so that if any amount paid to the Issuer pursuant to sections 19 or 35 of the Housing and Regeneration Act 2008 (whether independently or together with any amount paid under sections 18, 20 or 21 of the Housing Act 1996) exceeds that which would have been paid in the same circumstances under sections 18, 20 and 21 of the Housing Act 1996, then the amount that would have been paid under sections 18, 20 and/or 21 of the Housing Act 1996 alone shall be deemed to be the Social Housing Grant paid in such circumstances for the

purposes of this definition), (ii) from any central government authority, (iii) from a public sector authority as defined in section 573 of the Housing Act 1985 other than a Registered Social Landlord and/or a Non-Profit Registered Provider, (iv) from a body falling within sub-section 4(c) or 4(d) of the Housing Act 1985, (v) from a District Health Authority as defined in section 8 of the National Health Services Act 1977 (as amended by the Health Authorities Act 1995), (vi) from a Housing Action Trust within the meaning of the Housing Act 1988 or (vii) being a grant or subsidy which in the opinion of the Auditors is equivalent to any grant or subsidy referred to in any of (i) to (vi) above provided that any such grant or subsidy referred to in (i) to (vii) above is or will be a capital or revenue grant (or has the same characteristics as a capital or revenue grant) ranking, in the event of its becoming repayable, after any Security;

Subsidiary means an industrial and provident society or a company which is for the time being a subsidiary (within the meaning of section 15 of the Friendly and Industrial and Provident Societies Act 1968 or section 736 of the Companies Act 1985 or section 271 of the Housing and Regeneration Act 2008) of the Issuer, and **Subsidiaries** means more than one of them;

Substituting Cash has the meaning ascribed to that term in Condition 8(A) below;

Substitution Statement has the meaning ascribed to that term in Condition 8(A) below;

Supplemental Debt Service Reserve Payment means a payment made to the credit of the Debt Service Reserve Account pursuant to Conditions 3(B) and 5(E) below;

Surveyors means such firm of independent professional surveyors and/or valuers as are nominated by the Issuer and approved from time to time in writing by the Trustee or, in the event of their being unable or unwilling within the time periods specified in the Trust Deed to carry out any action requested of them pursuant to the provisions of the Trust Deed, such other firm of independent professional surveyors as the Trustee may in writing nominate or approve for the purpose (after consultation, where practicable in the opinion of the Trustee, with the Issuer);

Value means in relation to Security:

(i) in the case of cash a determination by the Trustee of the amount thereof for the time being;

(ii) in the case of Permitted Investments which are listed on the Official List, the price thereof (net or accrued interest) based on the middle market quotation therefor most recently published in the Official List as at the date of valuation; and

(iii) in the case of Permitted Investments which are not so listed, a valuation thereof as agreed between the Issuer and the Trustee of the market value thereof on the date of determination or, in the absence of such agreement, as determined by an institution authorised to take deposits under the FSMA and, approved by the Trustee;

Value Date means each Interest Payment Date unless the Issuer Rating shall be less than A3 by Moody's, A- by S&P or an equivalent rating by any other Rating Agency on such Value Date, in which case the Value Date shall be the last Business Day of each month but only until the next Value Date on an Interest Payment Date;

Void Property means any Mortgaged Property or any part thereof which is lettable as a separate unit which, in each case, is not at the relevant time producing rent and **Void Properties** means more than one of them;

Withdrawal Ratio means (i) in relation to the Gross Annual Income Cover Ratio, 1.94:1; and (ii) in relation to the Net Annual Income Cover Ratio, 1.59:1, provided that, if the Issuer does not make the

payments into the Early Redemption Sinking Fund as set out in Condition 10(F) below, (i) shall be 2.03:1 and (ii) shall be 1.66:1.

2. Security

(A) ***Security***

The obligations of the Issuer under the Trust Deed will be secured as follows:

(a) first ranking fixed charges over all cash and Permitted Investments forming part of the Debt Service Reserve;

(b) first ranking fixed charges over all cash and Permitted Investments forming part of the Initial Cash;

(c) first ranking legal mortgages over the Initial Properties and any Additional Properties;

(d) first ranking fixed charges over any Permitted Investments and/or cash forming part of the Substituting Cash or the Repair Sinking Fund; and

(e) first ranking fixed charges over any Permitted Investments,

all as more particularly described in the Trust Deed and related security documentation and so as to comply with the restrictions and other provisions set out in this Condition 2 and Condition 3 below. The Security will be granted in favour of the Trustee (on behalf of the Bondholders) to secure the Issuer's obligations under the Trust Deed in respect of the Bonds.

(B) ***Payments to Debt Service Reserve Account***

The Issuer paid to the credit of the Debt Service Reserve Account, on the Closing Date of the Original Bonds, the sum of £10,180,000 out of the proceeds of the issue of the Original Bonds. The Issuer shall pay to the credit of the Debt Service Reserve Account, on the Closing Date of the New Bonds, the sum of £9,189,117.45 out of the proceeds of the issue of the New Bonds.

(C) ***Payments to Repair Sinking Fund***

The Issuer paid to the credit of the Repair Sinking Fund, on the Closing Date of the Original Bonds, the sum of £64,600 out of the proceeds of the issue of the Original Bonds, such amount to be repaid to the Issuer in accordance with Condition 10(E)(b) below.

(D) ***Payments to Initial Cash Security Account***

The Issuer paid to the credit of the Initial Cash Security Account, on the Closing Date of the Original Bonds, the amount of the cash proceeds of the issue of the Original Bonds which was not to be applied in accordance with Conditions 2(B) and (C) above. The Issuer shall pay to the credit of the Initial Cash Security Account, on the Closing Date of the New Bonds, the amount of the cash proceeds of the issue of the New Bonds which is not to be applied in accordance with Conditions 2(B) and (C) above, other than the New Bond Accrued Interest which shall not form part of the Security.

(E) ***First Legal Mortgages over the Initial Properties***

The Issuer was required under the Original Trust Deed on or before the date falling 18 months (or such longer period (if any) as the Issuer and the Trustee may have agreed) after the date of the

Original Trust Deed to execute and deliver to the Trustee first legal mortgages over such of the Initial Properties in respect of the Original Bonds, ranking in priority to all other charges over such Initial Properties, as were required to ensure that, after the execution of such legal mortgages, the Net Annual Income Cover Ratio was at least equal to the Required Ratio as at the immediately succeeding Interest Payment Date.

The Issuer will be required under the First Supplemental Trust Deed on or before the date falling 18 months (or such longer period (if any) as the Issuer and the Trustee may agree with prior written notice to the Rating Agencies) after the date of the First Supplemental Trust Deed to execute and deliver to the Trustee first legal mortgages over such of the Initial Properties in respect of the New Bonds, ranking in priority to all other charges over such Initial Properties, as are required to ensure that, after the execution of such legal mortgages, the Net Annual Income Cover Ratio is at least equal to the Required Ratio as at the immediately succeeding Interest Payment Date.

Upon the Issuer charging one or more Initial Properties by way of first legal mortgage in favour of the Trustee in accordance with the provisions of this Condition and delivering to the Trustee a written statement prepared by the Issuer which shall (a) be reviewed by the Auditors, (b) be addressed to the Trustee, (c) be dated not more than three calendar months prior to the giving of that first legal mortgage, and (d) set out details of the Net Annual Income Received and the Gross Annual Income Received from such Initial Properties then being mortgaged and all existing Mortgaged Properties (if any) the Trustee shall release to the Issuer:

(i) an amount of Initial Cash which is equal to the lesser of C1 and C2 where:

(a) C1 equals the amount of Initial Cash which has a Net Annual Income Received equal to the Net Annual Income Received set out in the relevant statement less the aggregate amount of Initial Cash previously released to the Issuer pursuant to this Condition (E) above; and

(b) C2 equals the amount of Initial Cash which has a Gross Annual Income Received equal to the Gross Annual Income Received set out in the relevant statement less the aggregate amount of Initial Cash previously released to the Issuer pursuant to this Condition (E) above; and

(ii) the income earned on such amount of Initial Cash from the applicable Closing Date.

3. Minimum Income Cover

(A) ***Income Cover Statement***

(a) The Issuer shall, within twenty-eight days of each Interest Payment Date (or within fourteen days of each Interest Payment Date occurring during an Income Capture Period), deliver to the Trustee a written statement (an **Income Cover Statement**) prepared by the Issuer and addressed to the Trustee which sets out the Net Annual Income Received from the Security during the period of 12 months ending on such Interest Payment Date and confirms whether or not as at such Interest Payment Date the Net Annual Income Cover Ratio is at least equal to the Required Ratio. Such statement shall also identify the level of Void Properties (if any).

(b) The Issuer shall procure that, in respect of any Interest Payment Date which is 31 July, the Income Cover Statement shall be reviewed by the Auditors.

(B) ***Income Capture***

(a) Subject to Conditions 3(B)(b) and (c) below, if in relation to an Interest Payment Date the relevant Income Cover Statement shows that the Net Annual Income Cover Ratio is less than the Required Ratio, subject to Condition 3(B)(c) below, the Net Annual Income Received from the Security shall thereafter (to the extent it is not already so paid) be paid by the Issuer to the credit of the Debt Service Reserve Account in accordance with Condition 3(C) below.

(b) If, in relation to an Interest Payment Date, the relevant Income Cover Statement shows that the Net Annual Income Received in the period of 12 months ending on such Interest Payment Date is such that the Net Annual Income Cover Ratio is less than the Required Ratio, the Issuer shall, within eight weeks of that Interest Payment Date, deliver to the Trustee a written statement (a **Collection Statement**) setting out the amount of any Net Annual Income Received from the Mortgaged Properties in the period of six weeks immediately following such Interest Payment Date that was due and payable in respect of the Mortgaged Properties in the period of 12 months ending on such Interest Payment Date. If, on the basis that any Net Annual Income Received from the Mortgaged Properties set out in the Collection Statement is deemed to be included within the Net Annual Income Received from the Mortgaged Properties in the period of 12 months ending on such Interest Payment Date, following the delivery of the relevant Collection Statement, the Net Annual Income Received from the Mortgaged Properties for such period is such that the Net Annual Income Cover Ratio is less than the Required Ratio, the Net Annual Income Received from the Security shall thereafter (to the extent it is not already so paid) be paid by the Issuer to the credit of the Debt Service Reserve Account in accordance with Condition 3(C) below.

(c) If, in relation to an Interest Payment Date, the relevant Income Cover Statement shows that the Net Annual Income Cover Ratio is less than the Required Ratio, the Issuer shall, within the period of 30 days following the delivery to the Trustee of the relevant Collection Statement:

(i) charge by way of first legal mortgage in favour of the Trustee and to its satisfaction Property (the **Additional Property**) so as to form part of the Security; and/or

(ii) pay to the Trustee cash and/or deliver to the Trustee Permitted Investments and, in any event, execute and deliver to the Trustee first fixed charges over the same (together with a written statement setting out the annual income attributable to such cash and Permitted Investments being in the case of cash, the rate per annum at which at least two or more clearing banks pay interest on a six month deposit of the amount of such cash and in the case of Permitted Investments the annual income accruing on the same the aggregate annual income attributable to such cash and Permitted Investments being herein referred to as the **Deemed Annual Income Amount**));

and shall, within the said period deliver to the Trustee a written statement (a **Supplemental Income Statement**) setting out the Net Annual Income Received attributable to the Additional Property and the Deemed Annual Income Amount. In such event, if on the basis of the relevant Income Cover Statement and the Supplemental Income Statement in relation to the relevant Interest Payment Date, the Net Annual Income Cover Ratio is not less than the Required Ratio (on the basis that the Additional Property is assumed to have become part of the Mortgaged Properties on such Interest Payment Date and the Deemed Annual Income Amount is assumed to be included in the Net Annual Income Received) the Issuer shall not, in respect of such Interest Payment Date, be under any obligation to pay the Net Annual

Income Received from the Security to the credit of the Debt Service Reserve Account in accordance with Condition 3(B)(a) above.

(C) ***Payment of Net Annual Income Received***

If, in relation to an Interest Payment Date, there is a requirement on the Issuer under Condition 3(B) above to pay the Net Annual Income Received from the Security to the credit of the Debt Service Reserve Account (to the extent it is not already being so paid), within 10 Business Days of the end of each month the Issuer shall pay an amount equal to the Net Annual Income Received from the Security in such month to the credit of the Debt Service Reserve Account (to the extent it is not already being so paid). In such circumstances, the Issuer shall so pay such Net Annual Income Received until such Interest Payment Date in respect of which the Trustee is satisfied that in relation to that Interest Payment Date there would be no further requirement under Condition 3(B) above to so pay such Net Annual Income Received in which case provided that the Trustee is satisfied that (i) no Default Notice or Acceleration Notice shall have been issued in accordance with Condition 13(D) below and (ii) no other Income Capture Period exists, within 10 days of such Interest Payment Date the Trustee shall release from the Debt Service Reserve and release to the Issuer an amount equal to the amount by which the funds credited to the Debt Service Reserve Account exceed the Initial Debt Service Reserve Payment on such Interest Payment Date.

(D) In the event that the Issuer does not redeem the Bonds in full on or before the Scheduled Redemption Date, all Gross Annual Income Received shall be paid to the Debt Service Reserve Account and used on each subsequent Interest Payment Date to pay interest on and thereafter repay principal of the Bonds (to the extent of funds available).

4. Interest and Payments

(A) ***Interest Rate***

The Original Bonds bear interest from the applicable Closing Date and the New Bonds bear interest from (and including) 31 July 2008 at the rate of 5.09 per cent. per annum payable in arrear by half-yearly instalments on each Interest Payment Date to and including 31 July 2043. The amount of interest payable on each Interest Payment Date shall be £25.45 in respect of each Bond, provided however, that the amount of interest payable in respect of each Original Bond on 31 January 2004 was £28.448219.

(B) ***Calculations***

(a) If interest is required to be calculated for any period other than that from (and including) one Interest Payment Date (or the applicable Closing Date) to (but excluding) the next Interest Payment Date, it will be calculated on the basis of a year of 365 days and the actual number of days in the period; and

(b) any amount calculated in accordance with these Conditions shall be rounded up (if not already such a multiple) to the nearest multiple of £0.01.

(C) ***Default Interest***

Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment thereof is improperly withheld or refused, in which case it will thereafter continue to bear interest from time to time equal to the rate payable on the Bonds from time to time or, if none, at the rate payable on the Bonds immediately prior to the final Interest Payment Date (as well after as before judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (b)

the day which is seven days after the Trustee or the Principal Paying Agent has notified the Bondholders that it has received all sums due in respect of the Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

(D) ***Payments only against presentation***

Payments in respect of the Bonds will be made only against:

(a) in relation to payments of interest, presentation and surrender of the appropriate Coupons; and

(b) in the case of final redemption (provided that payment is made in full) surrender of the relevant Bonds,

at the specified office of any Paying Agent outside the United States by sterling cheque drawn on, or by transfer to a sterling account maintained by the payee with, a bank in London.

(E) ***Payments subject to fiscal laws***

All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 4(J) below. No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.

(F) ***Unmatured Coupons and Talons Void***

On the early redemption in full of any Bond, all unmatured Coupons and Talons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(G) ***Payments on Business Days***

If the due date for payment of any amount in respect of any Bond is not a business day, the Holder shall not be entitled to payment in such place of the amount due until the next following business day and shall not be entitled to any further interest or other payment (in respect of any such delay). In this Condition, **business day** means any day (other than a Saturday or Sunday) on which banks are open for business in the City of London and in the relevant place of presentation.

(H) ***Payments otherwise than against surrender of Coupons***

If a Paying Agent makes a payment in respect of any Bond in circumstances where no Coupon is surrendered, such Paying Agent will endorse on such Bond a statement indicating the amount and date of such payment.

(I) ***Exchange of Talons***

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a coupon sheet relating to the Bonds (each a **Coupon Sheet**), the Talon forming part of such Coupon Sheet may be exchanged at the specified office of the Principal Paying Agent for a further Coupon Sheet (excluding any Coupons in respect of which claims have already become void pursuant to Condition 22 below). Upon the due date for redemption of any Bond any non-exchanged Talon relating to such Bond shall become void and no Coupon will be delivered in respect of such Talon.

(J) *Taxation*

All payments of principal and interest in respect of the Bonds by the Issuer shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or in the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in the receipt by the Bondholders and the Couponholders (each a **Holder**) of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable:

(1) in respect of any Bond or Coupon presented for payment:

(a) by or on behalf of a Holder in circumstances where such payment would not be subject to such withholding or deduction if the Holder had made a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

(b) in the United Kingdom unless there is no Paying Agent outside the United Kingdom; or

(c) by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying Agent in a Member State of the EU; or

(d) more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had presented such Bond or the relevant Coupon for payment on the last day of such period of 30 days,

OR

(2) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

In this Condition 4, **Relevant Date** means whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in London by the Principal Paying Agent or the Trustee on or prior to such date, the date on which (the full amount having been so received) notice to that effect has been given to the Bondholders.

Any references in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition or under any obligations undertaken in addition thereto or in substitution therefor pursuant to the Trust Deed.

5. Debt Service Reserve and other charged cash

(A) ***Payments and Deposit of Investments***

(a) Each payment or deposit of investments to be made by the Issuer pursuant to these Conditions to form part of the Security shall be paid or made free from all Encumbrances (save for floating charges) and shall thereupon forthwith be charged by the Issuer by way of first fixed charge in favour, and to the satisfaction, of the Trustee.

(b) Each payment to be made by the Issuer pursuant to these Conditions to form part of the Security shall be paid to the credit of a Charged Account.

(B) ***Permitted Investments***

Unless and until a Default Notice or an Acceleration Event Notice shall have been issued in accordance with Condition 13(D) below, any cash or investments forming part of the Security shall, if the Issuer so directs, be applied in the purchase of investments or in the placing of cash deposits held, to the extent appropriate, in the joint names of the Trustee and the Issuer (together the **Permitted Investments**) in which the Issuer is permitted under its constitution to invest and which satisfy the following criteria (and which shall be subject to the security constituted by or pursuant to the Trust Deed):

(i) in relation to all or any part of the Initial Cash and any cash charged pursuant to Condition 3(B)(c)(ii) above, investments or deposits having a maturity of not more than six months from the date of investment or deposit and either (a) in the case of the Initial Cash funded from the issue of the Original Bonds, maturing on or before the date falling 18 months after the date of the Original Trust Deed (or such other date as the Trustee may approve) or (b) in the case of the Initial Cash funded from the issue of the New Bonds, maturing on or before the date falling 18 months after the date of the First Supplemental Trust Deed and, in each case, in respect of investments with a short-term credit rating of P-1 from Moody's or A-1 by S&P (or an equivalent rating from any other Rating Agency) or which would not otherwise adversely affect the then current rating of the Bonds and in respect of cash deposits held with an institution whose short-term unsecured debt is rated at least P-1 by Moody's (or its equivalent rating from any other Rating Agency) or which would not result in the credit rating then ascribed to the Bonds being withdrawn or downgraded; and

(ii) in relation to amounts forming part of the Debt Service Reserve, Substituting Cash or Repair Sinking Fund, debt securities issued by the Government of the United Kingdom having a final legal maturity not later than 25 years from the date of acquisition or investments confirmed by the Rating Agencies as not adversely affecting the rating of the Bonds.

The Trustee shall have the right at any time and without reference to the Issuer to hold, or convert any of the Permitted Investments into, cash where the Issuer has failed to make any payment on its due date (ignoring any grace period for this purpose).

(C) ***Application of Debt Service Reserve***

The Debt Service Reserve shall be held and retained by the Trustee as security for the payment of the principal amount of the Bonds and premium (if any) and all interest thereon and all other moneys payable under or pursuant to the Trust Deed in relation to the Bonds and shall, subject as provided in the Trust Deed, be applied for the following purposes:

(i) in the payment of all costs, charges, expenses and liabilities incurred by the Trustee and of all remuneration payable to the Trustee;

(ii) in the payment of interest on the outstanding nominal amount of the Bonds falling due for payment at any time where such application is required to enable or assist the Issuer in meeting its obligations to pay all interest falling due for payment on the Bonds in accordance with Condition 4 above; and

(iii) in the repayment of any principal amount and premium (if any) of the Bonds falling due for payment at any time where such application is required to enable or assist the Issuer in

meetings its obligations to repay the Bonds in accordance with Condition 6(A), 6(C) or 6(D) below.

(D) ***Income from Debt Service Reserve***

(a) Unless and until a Default Notice or an Acceleration Notice shall have been issued in accordance with Condition 13(D) below and for so long as an Income Capture Period does not exist, all income from the Debt Service Reserve (other than any income attributable to Initial Debt Service Reserve Payments) from any cash deposited or Permitted Investments delivered pursuant to Condition 3(B)(c)(ii) above shall, subject to the Net Annual Income Cover Ratio from the Security continuing to be at least equal to the Required Ratio as required by these Conditions, to the satisfaction of the Trustee, be paid to the Issuer free of the security created under the Trust Deed.

(b) Income in relation to the Initial Debt Service Reserve Payments shall not be paid out to the Issuer except in accordance with Condition 5(E) below.

(E) ***Income in Relation to the Initial Debt Service Reserve Payments***

(a) The Trustee shall cause the Value of the Debt Service Reserve insofar as it relates to the Initial Debt Service Reserve Payment and Supplemental Debt Service Reserve Payments to be determined on each Value Date and shall notify the Issuer of the results of such determination within 7 days of such date.

(b) If the Value of the Debt Service Reserve insofar as it relates to the Initial Debt Service Reserve Payments and Supplemental Debt Service Reserve Payments on any Value Date is less than the Initial Debt Service Reserve Payment (the difference being herein referred to as the **Shortfall Amount**), the Issuer shall within 21 days of the Value Date pay to the credit of the Debt Service Account an amount equal to the Shortfall Amount.

(c) If the Trustee shall be satisfied that the Value of the aggregate of the Debt Service Reserve insofar as it relates to the Initial Debt Service Reserve Payment and Supplemental Debt Service Reserve Payments on any Value Date exceeds the aggregate amount of the Initial Debt Service Reserve Payment before such date there shall, unless and until a Default Notice or an Acceleration Notice shall have been issued in accordance with Condition 13(D) below and for so long as an Income Capture Period does not exist, be released as soon as reasonably practicable to the Issuer (following a request by the Issuer to the Trustee) free of the security created under the Trust Deed, an amount not exceeding the amount of such excess.

6. Redemption and purchase of Bonds

(A) ***Final Redemption***

Unless previously redeemed, the Bonds will be redeemed in full on the Final Maturity Date.

(B) ***Purchase***

(a) The Issuer may at any time purchase Bonds on the London Stock Exchange plc or by tender (available to all Bondholders alike) or by private treaty at any price. Such purchases shall comply with the applicable requirements (if any) of the London Stock Exchange plc and the Financial Services Authority.

(b) On any purchase of Bonds pursuant to this Condition 6(B), the Initial Debt Service Reserve Payment required to be or to have been made pursuant to Condition 2(B) above shall, for all purposes be reduced by the proportion thereof that the outstanding nominal amount of the Bonds so purchased bears to the outstanding nominal amount of the Bonds at such time.

(c) Following any such purchase of Bonds, the Trustee shall, unless and until a Default Notice or an Acceleration Notice shall have been issued in accordance with Condition 13(D) below and for so long as an Income Capture Period does not exist, upon the written request of the Issuer, release to the Issuer from the Debt Service Reserve such amount as will, after such release, result in the amount standing to the credit of the Debt Service Reserve having a Value of not less than the aggregate of the amount of the Initial Debt Service Reserve Payments (but as reduced pursuant to Condition 6(B)(b) above) and the aggregate of all amounts paid to the Debt Service Reserve Account pursuant to these Conditions (other than Condition 2(B) above) (to the extent not released from the Debt Service Reserve pursuant to any other Condition) together with all income accrued thereon to the extent it has not been released from the Debt Service Reserve in accordance with these Conditions.

(C) ***Early Redemption***

The Issuer may, at any time before the Final Maturity Date, having given not less than 45 nor more than 60 days' notice in writing to the holders of the Bonds, redeem the whole but not some only of the Bonds, together with interest accrued up to and including the date of redemption as follows:

(i) in the case of a redemption on or after the Scheduled Redemption Date, at the outstanding nominal amount of the Bonds; and

(ii) in the case of a redemption on an Interest Payment Date falling prior to the Scheduled Redemption Date, at the higher of:

(A) the outstanding nominal amount of the Bonds; and

(B) that price (as reported to the Issuer and the Trustee by a leading broker and/or primary dealer operating in the gilt-edged market approved by the Trustee) expressed as a percentage and rounded up to four decimal places at which the Gross Redemption Yield on the Bonds on the Relevant Date (as defined below) is equal to the Gross Redemption Yield at 3.00 p.m. on that date of 8 per cent. Treasury Stock 2021 while that stock is in issue, and thereafter such government stock as the Trustee, with the advice of two leading brokers and/or primary dealers operating in the gilt-edged market approved by the Trustee, may agree to be most nearly equivalent to the aforementioned Treasury Stock.

For the purposes of this Condition 6(C), **Relevant Date** means the date which is the second Business Day prior to the despatch of the notice referred to in this Condition 6(C).

(D) ***Redemption for tax reasons***

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that, as a result of any change in, or amendment to, the laws or regulations, of, or applicable in, the United Kingdom or any political sub-division of, or any authority in, or of, the United Kingdom having power to tax, or any change in the application or official interpretation of such laws or regulations on the occasion of the next payment due in respect of the Bonds, the Issuer would be required to pay additional amounts as provided or referred to in Condition 4(J) above (disregarding the exceptions thereto in sub-paragraphs (a) to (c) thereof), the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 24 below (which

notice shall be irrevocable), redeem all, but not some only, of the Bonds in each case at their nominal amount together with interest accrued to, but excluding, the date of redemption, provided that (1) no notice of redemption shall be given earlier than 90 days before the earliest date on which the Issuer would be required to pay the additional amounts were a payment in respect of the Bonds then due and (2) no such notice may be given if the Issuer has already given a notice pursuant to Condition 6(C) above.

(E) ***Cancellation***

Any Bonds purchased by the Issuer or redeemed in whole will be cancelled and will not be available for reissue or resale.

(F) ***Rescheduling Event***

(a) If a Rescheduling Event shall occur, the Net Annual Income Received from the Security shall thereafter, subject to Condition 6(F)(b) below, be paid by the Issuer to the credit of the Debt Service Reserve Account (to the extent it is not already being so paid).

(b) If a Rescheduling Event occurs, the Issuer shall have the right to call a meeting of the Bondholders who will have the power to direct by Extraordinary Resolution that the provisions of Condition 6(F)(a) above shall not apply, in which event they shall not apply and the Issuer shall thereafter not be obliged to pay the Net Annual Income Received from the Security to the credit of the Debt Service Reserve Account in accordance with Condition 6(F)(a) above. Such meeting of the Bondholders may also direct the Trustee to release from the Debt Service Reserve (and if so instructed, the Trustee will release) to the Issuer an amount equal to the lesser of:

(i) the amount of Net Annual Income Received from the Security in respect of any period paid to the credit of the Debt Service Reserve Account pursuant to Condition 6(F)(a) above together with any income accrued thereon (if not already released in accordance with Condition 5(D) above); and

(ii) such amount as is equal to the difference between (1) the Value of the Debt Service Reserve and (2) the aggregate of the amount of the Initial Debt Service Reserve Payments and the aggregate of all amounts paid to the credit of the Debt Service Reserve Account pursuant to these Conditions (other than Condition 2(B) above and this Condition 6(F)) (to the extent not released from the Debt Service Reserve pursuant to any other Condition) together with all income accrued thereon to the extent it has not been released from the Debt Service Reserve in accordance with these Conditions.

(c) If there is a requirement on the Issuer under Condition 6(F)(a) above or Condition 10(C) below to pay the Net Annual Income Received from the Security to the credit of the Debt Service Reserve Account, within 10 Business Days of the end of each month, the Issuer shall pay an amount equal to the Net Annual Income Received from the Security in such month to the credit of the Debt Service Reserve Account (to the extent it is not already so paid).

7. Further Bonds

Power will be reserved to the Issuer without the consent of the Trustee from time to time to create and issue Further Bonds ranking *pari passu* in point of security with the Original Bonds and the New Bonds and carrying such rights and on such terms (without limitation) as the Issuer may determine, including Further Bonds carrying the same rights in all respects (or in all respects save for the first payment of interest thereon) as the Original Bonds and the New Bonds and forming a single series

therewith provided that in such case the Issuer charges by way of first legal mortgage and/or by way of fixed charge in favour of the Trustee and to its satisfaction other Property and/or cash so as to form part of the Security and provided further that the Issuer delivers to the Trustee a written statement reviewed by the Auditors which demonstrates that, immediately upon issuing such Further Bonds, the Net Annual Income Cover Ratio is at least equal to the Required Ratio and provided further that each Rating Agency shall have confirmed that the credit rating of the Original Bonds and the New Bonds shall not be withdrawn or downgraded as a result of the issue of such Further Bonds. In the case of each such issue, the Further Bonds shall be constituted and secured by a deed supplemental to the Trust Deed (in such form as the Trustee may approve).

8. Mortgaged Property – Substitution

(A) ***General Substitution Right***

(a) Subject to Condition 8(A)(b) below, the Issuer may withdraw from the Security any or all of the Mortgaged Property upon charging by way of first legal mortgage in favour of the Trustee and to the Trustee's satisfaction other Property so as to form part of the Security and/or charging in favour and to the satisfaction of the Trustee further cash (together with any Permitted Investments at any time representing the same, **Substituting Cash**) and upon providing to the Trustee and each Rating Agency a written statement (a **Substitution Statement**), dated not more than three calendar months prior to the creation of such legal mortgage, of the Net Annual Income Received and the Gross Annual Income Received attributable to the new Property and the Mortgaged Property being withdrawn, provided that the Trustee is satisfied immediately prior to such substitution that:

(i) the Issuer is in compliance with, *inter alia,* the covenants set out in Conditions 11 and 12 below; and

(ii) upon such substitution the Net Annual Income Cover Ratio is at least equal to the Required Ratio relating to the immediately preceding Interest Payment Date, if ascertained immediately after such substitution; and

(iii) either:

(1) the Mortgaged Properties as a whole after such substitution are substantially similar to the Mortgaged Properties as a whole prior to such substitution in relation to condition, size, tenancy type, gross rent, net rent and market rent level and it has not been made aware by any of the Rating Agencies that such substitution would or might cause such Rating Agency to withdraw or downgrade its credit rating of the Bonds (but, for the avoidance of doubt, without any obligation on the Trustee to consult with any of the Rating Agencies prior to any such substitution); or

(2) each Rating Agency has nevertheless confirmed that such substitution will not cause such Rating Agency to withdraw or downgrade its then current credit rating of the Bonds; and

(iv) the Issuer has certified to the Trustee in writing that the Properties proposed by the Issuer to be substituted for any or all of the Mortgaged Properties satisfies each Rating Agency's Substitution Conditions or, if the Issuer does not so certify, the Rating Agency has nevertheless confirmed that such substitution will not cause such Rating Agency to withdraw or downgrade its then current credit rating of the Bonds;

and provided further that any Substituting Cash so charged in accordance with this Condition 8(A) shall, within two years from the date it is charged to the Trustee, be replaced with first legal mortgages ranking in priority to all other charges over sufficient Property, supported by appropriate Substitution Statements, so that the Mortgaged Properties as a whole after such replacement are substantially similar to the Mortgaged Properties as a whole prior to the substitution with Substituting Cash in relation to condition, size, tenancy type, gross rent, net rent and market rent levels.

(b) In determining whether or not the Net Annual Income Cover Ratio is at least equal to the Required Ratio for the purposes of this Condition 8(A) or Condition 9(B) below, the Trustee may rely, in respect of the Net Annual Income Received attributable to the new Property and/or cash and the Property and/or cash being withdrawn, on the figures set out in the relevant Substitution Statement and, in respect of the Net Annual Income Received attributable to the other relevant parts of the Security, on the figures shown in the last Income Cover Statement.

(B) ***Substitution of Initial Properties***

The Issuer may substitute any one or more of the Initial Properties prior to some of the same, being charged by way of first legal mortgage in favour of the Trustee with other Properties upon providing to the Trustee and each Rating Agency a written statement, dated not more than three calendar months prior to the date of substitution, showing that the Net Annual Income Received attributable to the new Properties is at least equal to the Net Annual Income Received of the Initial Properties being so substituted and provided that the Trustee is satisfied that the Initial Properties as a whole after such substitution are substantially similar to the Initial Properties as a whole prior to such substitution in relation to condition, size, tenancy type and net rent, gross rent and market rent levels, such substitution shall take effect on the seventh day after the date of the Trustee's receipt of the said written statement.

(C) ***Substitution of Void Properties for income cover ratios***

(a) The Issuer may, subject to Conditions 8(C)(b), (d) and (e) below, for the purposes of calculating the Net Annual Income Cover Ratio, elect by notice to the Trustee that the income last attributable to one or more Void Properties be included within the calculation of the Net Annual Income Received from the Mortgaged Properties as if such Void Properties had not been void and the said income was received in respect of such Void Properties. Any such election will take effect on the Issuer paying to the credit of the Debt Service Reserve Account additional cash having an aggregate Value equal to the Net Annual Income Received attributable to such Void Properties. (Void Properties in respect of which such an election has been made are herein referred to as **Substituted Void Properties**.)

(b) The Issuer may not make an election under Condition 8(C)(a)(a) above if it would result in the Net Annual Income Received last attributable to all Substituted Void Properties exceeding 5 per cent. of the Net Annual Income Received from the Security as at the date of election.

(c) The Issuer may, at any time elect by notice to the Trustee that a Property that is a Substituted Void Property and has ceased to be void be no longer a Substituted Void Property and on such election:

(i) such Property shall cease to be a Substituted Void Property and only the actual Net Annual Income Received from such Property shall be taken into account for the purposes of calculating the Net Annual Income Cover Ratio; and

(ii) there shall, unless and until a Default Notice or an Acceleration Notice shall have been issued in accordance with Condition 13(D) below and for so long as an Income Capture Period does not exist, be released from the Debt Service Reserve an amount equal to the lesser of:

(1) the amount of cash paid to the credit of the Debt Service Reserve Account pursuant to Condition 8(C)(a) above in respect of such Property together with any income accrued thereon (if not already released in accordance with Condition 5(D) above); and

(2) such amount as is equal to the amount by which (x) the Value of the Debt Service Reserve exceeds (y) the aggregate of the amount of the Initial Debt Service Reserve Payments and all amounts paid to the credit of the Debt Service Reserve Account pursuant to these Conditions (other than Condition 2(B) above and this Condition 8(C)) (to the extent not released from the Debt Service Reserve pursuant to any other Condition) and the income accrued thereon to the extent it has not been released from the Debt Service Reserve in accordance with these Conditions.

(d) A Property that becomes a Substituted Void Property shall remain a Substituted Void Property for a maximum period of 12 months and thereafter cease to be a Substituted Void Property with the effect that only the actual Net Annual Income Received from such Property shall be taken into account for the purposes of calculating the Net Annual Income Cover Ratio.

(e) A Property may only become a Substituted Void Property once in any 5 year period.

(D) ***Default Notice or Acceleration Notice***

All rights or substitution under this Condition 8 and of withdrawal under Condition 9 below shall cease upon a Default Notice or an Acceleration Notice being issued in accordance with Condition 13(D) below.

9. Security Additions and Withdrawals

(A) ***Withdrawals***

If an Income Cover Statement shows that the Gross Annual Income Cover Ratio and the Net Annual Income Cover Ratio are each greater than the relevant Withdrawal Ratio, the Issuer may within the period of three months after the Interest Payment Date to which such Income Cover Statement relates (or such longer period as the Trustee may approve) withdraw from the Security Mortgaged Properties and/or cash and Permitted Investments in the Debt Service Reserve without substituting other Property, Permitted Investments or cash, provided that:

(i) the Trustee receives a written statement prepared by the Issuer and reviewed by the Auditors which shows that after such withdrawal the Gross Annual Income Cover Ratio and the Net Annual Income Cover Ratio are each at least equal to the Withdrawal Ratio; and

(ii) the Trustee is satisfied that:

(1) the Mortgaged Properties as a whole immediately after such withdrawal will be substantially similar to the Mortgaged Properties as a whole immediately prior to such withdrawal in relation to condition, size, tenancy type, gross rent, net rent and market rent levels;

(2) the Issuer is in compliance with the covenants set out in Conditions 11 and 12 below;

(3) after such withdrawal the Value of the Debt Service Reserve is not less than the aggregate of the amount of the Initial Debt Service Reserve Payments and the aggregate of all amounts paid to the credit of the Debt Service Reserve Account pursuant to these Conditions (other than Condition 2(B) above) (to the extent not released from the Debt Service Reserve pursuant to any other Condition) together with all income accrued thereon to the extent it has not been released from the Debt Service Reserve in accordance with these Conditions; and

(4) no Income Capture Period exists; and

(iii) the Trustee has not been made aware by any Rating Agency that such withdrawal would or might cause such Rating Agency to withdraw or downgrade its ratings ascribed to the Bonds (but for the avoidance of doubt without any obligation on the Trustee to consult such Rating Agency prior to such withdrawal) provided that if the Trustee has been made so aware the Issuer may withdraw Mortgaged Properties so long as the Trustee is satisfied as to (1) to (4) inclusive above and so long as the remaining Mortgaged Properties after such withdrawal shall comprise at least 100 units.

(B) ***Right to Buy***

The Issuer shall have the right to withdraw a Mortgaged Property from the Security in satisfaction of any statutory right of a tenant to buy such Mortgaged Property or where a grant is provided to the Issuer pursuant to Section 20 or Section 21 of the Housing Act 1996 in respect of any disposal to a tenant (or any similar statutory provision). If the Issuer withdraws Mortgaged Property in accordance with this Condition 9(B), the Issuer shall, unless it provides the Trustee with a certificate prepared by the Issuer certifying that after such withdrawal the Net Annual Income Cover Ratio is greater than the Required Ratio for the immediately preceding Interest Payment Date, charge by way of first legal mortgage and/or fixed charge in favour and to the satisfaction of the Trustee further Property and/or Substituting Cash and shall provide to the Trustee a Substitution Statement of the Net Annual Income Received attributable to the new Property and/or cash and the Mortgaged Property being withdrawn such that the Trustee is satisfied that the Net Annual Income Cover Ratio would be at least equal to the Required Ratio relating to the immediately preceding Interest Payment Date if calculated immediately after such substitution, provided that any Substituting Cash so charged in accordance with this Condition 9(B) shall, within two years from the date it is charged to the Trustee, be replaced with first legal mortgages ranking in priority to all other charges over sufficient Property, supported by appropriate Substitution Statements, such that the Trustee is satisfied that the Net Annual Income Cover Ratio would be at least equal to the Required Ratio relating to the immediately preceding Interest Payment Date if calculated immediately after such substitution.

10. Mortgaged Properties Property Condition and Early Redemption Sinking Fund

(A) ***Property Condition Survey***

Following the first charging of Property in accordance with Condition 2 above, the Issuer undertakes that it will procure that a Property Condition Survey for the Mortgaged Properties and all buildings and landlord's fixtures and fittings in or upon the same is delivered to the Trustee at least once in any five year period, the first such Property Condition Survey to be as at a date no later than 31 July 2009.

(B) ***Repairs***

If upon any such Property Condition Survey the Surveyors are of the opinion that the general condition of the Mortgaged Properties as a whole and the buildings and landlord's fixtures and fittings in or upon the same is such that they have not been maintained in a state of good and tenantable repair, the Issuer shall take such steps as the Surveyors shall reasonably recommend to bring the same into a state of good and tenantable repair within a reasonable period of time recommended by the Surveyors.

(C) ***Continued Repairing Breach***

If upon the expiry of the reasonable period of time recommended by the Surveyors, the Surveyors are still of the opinion that the general condition of the Mortgaged Properties as a whole and the buildings and landlord's fixtures and fittings in or upon the same is not one of good and tenantable repair, then, subject to Condition 10(E) below, the Issuer shall within 30 days pay to the Repair Sinking Fund an amount, agreed by the Surveyors, as being sufficient to put the Mortgaged Properties in good and tenantable repair and if the Issuer fails to make such payment the Net Annual Income Received from the Security shall thereafter (to the extent it is not already so paid) be paid by the Issuer to the credit of the Debt Service Reserve Account in accordance with Condition 6(F)(c).

(D) ***Release from Debt Service Reserve***

The Net Annual Income Received from the Security shall be applied in accordance with Condition 10(C) above until such time as the Trustee is satisfied that (i) the Surveyors are satisfied that the general condition of the Mortgaged Properties as a whole and the buildings and landlord's fixtures and fittings in or upon the same is one of good and tenantable repair, (ii) no Default Notice or Acceleration Notice shall have been issued in accordance with Condition 13(D) below and (iii) no Income Capture Period shall exist, upon which the Trustee shall release from the Debt Service Reserve and pay back to the Issuer an amount equal to the lesser of:

(1) the amount of the Gross Annual Income Received from the Security in respect of any period paid to the credit of the Debt Service Reserve Account pursuant to Condition 10(C) above together with any income accrued thereon (if not already released in accordance with Condition 5(D) above); and

(2) such amount as is equal to the difference between (x) the Value of the Debt Service Reserve and (y) the aggregate of the amount of the Initial Debt Service Reserve Payments and the aggregate of all amounts paid to the credit of the Debt Service Reserve Account pursuant to these Conditions (other than Conditions 2(B) and (C) above) (to the extent not released from the Debt Service Reserve pursuant to any other Condition) together with income accrued thereon to the extent it has not been released from the Debt Service Reserve in accordance with these Conditions.

(E) ***Option to give cash security***

(a) In the circumstances set out in Condition 10(C) above, the Issuer may charge by way of fixed charge in favour of the Trustee such amount of cash (together with any Permitted Investments at any time representing the same, **Repair Sinking Fund**) as the Surveyors stipulate to be the cost of carrying out the necessary remedial works to ensure that the general condition of the Mortgaged Properties as a whole and the buildings and landlord's fixtures and fittings in or upon the same is one of good and tenantable repair. If the Issuer so charges such amount of cash it shall not be obliged, pursuant to Condition 10(C) above, to

apply the Net Annual Income Received from the Security to the credit of the Debt Service Reserve Account.

(b) The Trustee shall release from the charges created by the Trust Deed and repay to the Issuer, cash in the Repair Sinking Fund as and when the remedial works in respect of which such amount of the Repair Sinking Fund was deposited are completed to the satisfaction of the Surveyors.

(F) ***Early Redemption Sinking Fund***

The Issuer shall on each Interest Payment Date falling on or after 31 January 2020 pay to the credit of the Early Redemption Sinking Fund the following amounts:

	Per £100 of Bonds
January 2020	0.92
July 2020	0.96
January 2021	1.02
July 2021	1.06
January 2022	1.10
July 2022	1.16
January 2023	1.21
July 2023	1.26
January 2024	1.31

unless:

(i)

(A) the Issuer Rating is at least A3 by Moody's, A- by S&P or an equivalent rating by any other Rating Agency; and

(B) the Net Annual Income Cover Ratio is at least equal to the relevant Withdrawal Ratio; and

(C) on the basis of the most recent Property Condition Survey, the Surveyor confirms that in his opinion the Properties have a remaining useful life in excess of the period up to the Final Maturity Date on the assumption that, in the absence of inflation, the current level of Annual Expenditure (or such higher level of expenditure which if used in the definition of Net Annual Income Received would result in the Withdrawal Ratio in 2004 being met) is maintained;

OR

(ii) the Issuer obtains written confirmation from an Authorised Institution, in form and substance satisfactory to each Rating Agency, that such Authorised Institution is willing, whether pursuant to a committed facility or otherwise, to provide funds to the Issuer sufficient to enable the Issuer to redeem the Bonds on the Scheduled Redemption Date.

11. General Covenants

So long as any of the Bonds remains outstanding the Issuer shall:

(i) send to the Trustee (with a copy to each Rating Agency), not later than six months after the end of each accounting period, a copy of its annual report and accounts for such period;

(ii) not later than 31 January in each year and commencing 31 January 2004, send to the Trustee (with a copy to each Rating Agency), a certificate as to all (if any) withdrawals, additions and substitutions of Property comprised in the Security made during the preceding twelve months, such certificate to include a description of such Property, including its address, and its Net Annual Income Received and Gross Annual Income Received as reported or certified in accordance with the Trust Deed for the purpose of each such transaction; and

(iii) make the information referred to in (i) and (ii) above available to the Bondholders, by such means as the Issuer may notify to the Bondholders from time to time.

12. Other Covenants in relation to Security

The Issuer will, *inter alia,* covenant during such time as the Security is in existence:

(i) subject to Condition 10 above, to keep all Mortgaged Properties and all buildings and landlord's fixtures and fittings in or upon the same a good and tenantable state of repair and condition and where necessary or desirable to renew and replace the same when and as the same shall be worn out or destroyed;

(ii) to insure all Mortgaged Properties against loss or damage by such risks (with such exceptions as the Trustee may agree) as is customary for registered social landlords or non-profit registered providers of social housing such as the Issuer;

(iii) save to the extent otherwise approved by the Trustee, to insure the full rent payable under any lease or agreement for lease under which it for the time being holds any of such Mortgaged Properties and the full rent payable under any lease or agreement for lease granted by it in respect of any of such Properties, in both cases in an amount which is not less than the equivalent of 20 per cent. of the declared buildings value of the relevant Property;

(iv) not, save as required by law or regulatory requirement of the Housing Corporation (without the prior written consent of the Trustee), to create or agree to create any tenancies or licences in respect of any Mortgaged Property other than tenancies or licences for periods not exceeding 21 years (other than periodic tenancies) or shared ownership leases created by the Issuer in the ordinary course of its business as a Registered Social Landlord or Non-Profit Registered Provider, as the case may be;

(v) not to create or permit to subsist over any of the Security any mortgage or charge or any other security interest ranking in priority to, or *pari passu* with, the security created by or pursuant to the Trust Deed or any trust deed supplemental thereto;

(vi) to comply in all material respects with any covenants relating to the Mortgaged Properties which are binding on it, including, without limitation, all covenants and obligations assumed by it in any lease relating thereto;

(vii) to take all reasonable steps to enforce the covenants on the part of any tenants of the Mortgaged Properties;

(viii) forthwith upon becoming aware thereof to give the Trustee and each Rating Agency notice in writing of the occurrence of a Rescheduling Event; and

(ix) to procure that an Expenditure Certificate is provided to the Trustee and each Rating Agency at least once in any five-year period with the first such Expenditure Certificate being provided by no later than July 2009.

13. Default and Acceleration

(A) ***Default***

Failure by the Issuer to pay any principal monies or premium owing on any of the Bonds, any interest owing by it on any of the Bonds or any other monies payable under the Trust Deed within 5 Business Days of the due date therefor (or, in respect of any such other monies payable on demand (other than monies due pursuant to Condition 3(B)(c)(ii) above), within 14 days of the date of first demand therefor) shall constitute a Default.

(B) ***Acceleration***

The occurrence of any of the following events in respect of the Issuer shall be an event constituting an Acceleration Event (provided that, in the case of any such event, the Trustee shall have certified in writing that such event is in its opinion materially prejudicial to the interests of the Bondholders). The said events are as follows:

(i) a distress, execution or other similar process shall be levied or enforced upon or sued out against any material asset of the Issuer and shall not be removed, discharged or paid out within thirty days; or

(ii) without the prior written consent of the Trustee (such consent not to be unreasonably withheld), the Issuer shall cease, or shall take any formal action, or shall make any public announcement of its intention to cease, to be a Registered Social Landlord or a Non-Profit Registered Provider whose principal business is carried on in the United Kingdom or otherwise cease to carry on business; or

(iii) the Issuer shall be unable to pay its debts generally within the meaning of section 123 of the Insolvency Act 1986 (assuming, if necessary, such section applied to the Issuer); or

(iv) the security constituted by any mortgage, charge or other security document other than under the Trust Deed executed by the Issuer upon the whole or any material part of the undertaking or assets of the Issuer shall become enforceable and any steps whatsoever are taken to enforce the same; or

(v) default shall be made by the Issuer in the performance or observance of any covenant, condition or provision contained in the Trust Deed and on its part to be performed or observed (other than any covenant for the payment of principal monies, interest or premium owing on any of the Bonds or any other monies payable under the Trust Deed or its obligations to charge Additional Property or deliver cash and/or Permitted Investments to the Trustee pursuant to Condition 3(B)(c) above) and (except if the Trustee shall certify in writing that in its opinion any delay would be materially prejudicial to the interests of the Bondholders) the Issuer shall fail to perform fully or make good the breach of such covenant, condition or provision within twenty-one days (or such longer period as the Trustee may agree) from receipt of notice in writing from the Trustee requiring it to do so (unless such default is incapable of remedy when no such notice shall be required); or

(vi)

(a) any debenture stock, loan stock or other securities or any other Borrowings of the Issuer in an amount of at least £1,000,000 (as increased proportionately by any increase in the Index since 10 June 1998) shall become repayable prior to the due date for repayment thereof by reason of default by the Issuer, or not be paid when due (or within any period of grace originally applicable thereto) and steps are taken to obtain repayment thereof; or

(b) any guarantee of, or any indemnity in respect of, any loan or debt of any third party for a sum exceeding £1,000,000 (as increased proportionately by any increase in the Index since 10 June 1998) given by the Issuer shall not be honoured when due and called upon and steps are taken to enforce the same; or

(vii) any representation, statement or undertaking (other than its obligations to charge Additional Property or deliver cash and/or Permitted Investments to the Trustee pursuant to Condition 3(B)(c) above) contained in the Trust Deed or in any report or certificate given by the Issuer pursuant thereto or in connection with the Bonds shall prove to be untrue when made or shall not be fulfilled, in each case, in any material respect; or

(viii) without the prior written consent of the Trustee, steps are taken to appoint an administrator of, wind up or dissolve the Issuer (save for any such steps which the Issuer is, in good faith, contesting with, in the reasonable opinion of the Trustee, a good prospect of success); or

(ix) any of the Security is not, or ceases to be, binding or is, or becomes, unenforceable provided that it shall not be on Acceleration Event under this Condition 13(B)(ix) if (1) the Security which is not, or ceases to be binding or is, or becomes, unenforceable, is over Mortgaged Properties in respect of which the Issuer satisfies the Trustee that the Net Annual Income Received in respect of such Mortgaged Properties during the twelve month period ending on the date on which the Acceleration Event would otherwise have occurred is less than 50 per cent. of the Net Annual Income Received in respect of all Mortgaged Properties for such period and (2) within sixty days of the date on which the Acceleration Event would otherwise have occurred the Issuer grants such further security in favour of the Trustee over such other Property of the Issuer as may be approved by the Trustee (such approval not be unreasonably withheld); or

(x) as shown by the relevant Income Cover Statements, the Net Annual Income Cover Ratio is less than the Required Ratio in respect of two successive Interest Payment Dates *provided that,* if the Net Annual Income Cover Ratio is less that the Required Ratio the Issuer may, at its option and for a period of not more than 2 consecutive years, within 5 Business Days of the second Interest Payment Date pay sufficient cash into the Debt Service Reserve Account such that the Net Annual Income Cover Ratio (taking into account the Deemed Annual Income Amount in respect of such cash) is greater than or equal to the Required Ratio.

(C) ***Notice of Default or Acceleration Event***

So long as any of the Bonds remain outstanding the Issuer will, forthwith upon becoming aware of the occurrence of any Default or Acceleration Event, give notice in writing thereof to the Trustee.

(D) ***Consequence of a Default or Acceleration Event***

If any Default or Acceleration Event shall have occurred the Trustee in its discretion may, and upon the request in writing of the holders of at least one-fifth in aggregate outstanding nominal amount of the Bonds or upon being so directed by an Extraordinary Resolution of the Bondholders shall

(subject in each case so being indemnified to its satisfaction), declare by notice to the Issuer (any such notice following a Default, a **Default Notice** and any such notice following an Acceleration Event, an **Acceleration Event Notice**) that the Bonds have become due and repayable, whereupon the Bonds shall become immediately due and repayable at the outstanding nominal amount of the Bonds together with accrued interest, and the security therefor shall become immediately enforceable provided that, if the Security has become enforceable otherwise than by reason of a Default, the Trustee will not be entitled to dispose of any assets comprised in the Security or any part thereof unless the Trustee is advised by an investment bank or other financial advisor selected by the Trustee (any costs incurred by the Trustee to be met by the Issuer) that (i) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Bondholders and any amounts required under the Trust Deed to be paid *pari passu* with, or in priority to, the Bonds or (ii) the cash flow prospectively receivable from the Mortgaged Properties will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Bondholders and any amounts required under the Trust Deed to be paid *pari passu* with, or in priority to, the Bonds or (iii) the Trustee considers, in its absolute discretion, that not to effect such disposal would place the Security in jeopardy.

14. Enforcement Proceedings

If the security constituted under the Trust Deed becomes enforceable as a result of a Default or Acceleration Event having occurred, the Trustee may, at its discretion, take such action to ensure the continuation of payment of principal and interest on the Bonds as it deems appropriate, including, without limitation, the transfer of the Bonds to another Registered Social Landlord or Non-Profit Registered Provider, as applicable, and the appointment of a receiver to manage the Security, provided that the Trustee shall, if so requested in writing by the holders of at least one-fifth in aggregate outstanding nominal amount of the Bonds or if so directed by an Extraordinary Resolution of the Bondholders (subject in each case to being indemnified to its satisfaction), take action to realise the security and/or (if applicable) take such action against the Issuer as may be permitted under applicable laws and (if applicable) as may have been so directed or requested to enforce the obligations of the Issuer.

15. Listing

The Issuer will use its best endeavours to obtain a listing for the Bonds on the Official List of the Financial Services Authority and to trading on the London Stock Exchange plc and, for so long as any of the Bonds remain outstanding, the Issuer will maintain a listing for the Bonds on the Official List of the Financial Services Authority and to trading on the London Stock Exchange plc.

16. Meeting of Bondholders, Modification and Waiver

(A) *Meetings of Bondholders*

The quorum for any meeting convened to consider an Extraordinary Resolution is two or more persons holding or representing one quarter in principal amount of the outstanding Bonds or, at any adjourned meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented by them, unless the business of such meeting includes consideration of proposals (i) to change any date fixed for payment of principal or interest in respect of the Bonds, to reduce the amount of principal or interest payable on any date in respect of the Bonds or to alter the method of calculating the amount of any payment in respect of the Bonds or the date for such payment, (ii) to effect any exchange of the Bonds for, or the conversion of the Bonds into, shares, bonds or other obligations of the Issuer or any other person or to approve the substitution of any person for the Issuer as principal obligor under the Bonds, (iii) to change the

currency in which amounts due in respect of the Bonds are payable, (iv) to change the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution or, (v) to amend any of the above reserved matters (in which case the necessary quorum will be two or more persons holding or representing not less than three quarters or, at any adjourned meeting, not less than one quarter in principal amount of the outstanding Bonds). Any Extraordinary Resolution duly passed shall be binding on all Bondholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

(B) ***Modifications***

The Bondholders will have power by Extraordinary Resolution, *inter alia,* to sanction any modification, abrogation or compromise of or arrangement in respect of their rights against the Issuer or in respect of the Security and to sanction any modification of the provisions of the Trust Deed proposed or agreed to by the Issuer. In addition, the Trustee will have power, without the sanction of an Extraordinary Resolution, to concur with the Issuer in making any modification to, or to waive or authorise any breach or anticipated breach of, the Trust Deed or determine that any event or omission which would, or would with the issue of a certificate or the passage of time, become a Default shall not do so, provided always that such modification, breach or determination is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders or such modification is made to correct a manifest error or is required to obtain or maintain a listing for any series of the Bonds on the Official List of the Financial Services Authority or to trading on the London Stock Exchange plc or is of a formal, minor or technical nature. Any such modification, waiver, authorisation or determination and any consents given or discretions exercised by the Trustee may be made, given or exercised on such terms and subject to such conditions as the Trustee thinks fit.

17. Trustee and Paying Agents

(A) ***Payment of Trustee***

The Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Bondholders.

(B) ***Exercise of Discretion***

In the exercise of its power and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Holders as a class and will not have regard to the consequences of such exercise for individual Bondholders or Couponholders and the Trustee shall not be entitled to require from the Issuer nor shall any Bondholder or Couponholder be entitled to claim from the Issuer or the Trustee, any indemnification or other payment in respect of any consequence (including, without limitation, any tax consequence) for individual Bondholders or Couponholders of any such exercise.

(C) ***Indemnification***

The Trust Deed contains provisions governing the responsibility of the Trustee and providing for its indemnification in certain circumstances, including provisions relieving it from taking proceedings against the Issuer and/or any other person, unless indemnified and/or secured to its satisfaction.

(D) ***Paying Agents***

In acting under the Paying Agency Agreement and in connection with the Bonds, the Coupons and the Talons, the Paying Agents act solely as agents for the Issuer and (to the extent provided therein)

the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Bondholders or Couponholders.

(E) *Validity etc. of Security*

The Trustee has not investigated the validity, value, sufficiency or enforceability of the security created by the Trust Deed and shall accept without investigation, requisition or objection such right and title as the Issuer has to such security. The Trustee will not be responsible for any deficiency which may arise because the Trustee is liable to tax in respect of such security.

(F) *Certificates*

The Trustee will rely on the certificates signed by two authorised officers of the Issuer on its behalf and any certificates of the Auditors, in each case delivered to it pursuant to these Conditions and the Trust Deed and shall not be responsible for any failure otherwise to monitor compliance with the obligations imposed on the Issuer under these Conditions.

(G) *Change of Paying Agent*

The initial Paying Agents and their initial specified offices are listed below. the Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent and to appoint successor or additional paying agents, provided that the Issuer shall at all times maintain a Principal Paying Agent in London and a Paying Agent in Continental Europe. Notice of any change in the Paying Agents or in the specified office of any Paying Agent will promptly be given by the Issuer to the Bondholders.

18. Contracts with the Issuer

Notwithstanding its fiduciary position, the Trustee will be entitled to enter into contracts or other transactions with the Issuer (or its affiliates) including contracts for the purchase or sale of or other dealing with any land, without accounting for any profit resulting therefrom, and the Trustee may exercise its discretions as Trustee notwithstanding any such interest.

19. Replacement of the Trustee

The Trustee may resign at any time on giving not less than 30 days' prior written notice to the Issuer without assigning any reason and without being responsible for any expenses thereby occasioned but in each case its resignation or removal shall not take effect unless and until another trustee is appointed. The statutory power of appointing a new trustee will be vested in the Issuer. A new trustee shall be approved by an Extraordinary Resolution before its appointment shall become effective.

20. Form, Denomination and Title

(A) *Form and Denomination*

The Bonds are in bearer form in denominations of £1,000 numbered serially, each with Coupons and Talons attached at the time of issue.

(B) *Title*

Title to the Bonds, Coupons and Talons will pass by delivery. The Holder of any Bond, Coupon or Talon (as the case may be) will (except as otherwise required by law) be treated at all times by all persons and for all purposes as its absolute owner (whether or not it is overdue and regardless of any

notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the Holder.

(C) ***Status***

The Bonds constitute direct, general, secured and unconditional obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and otherwise in accordance with the provisions of the Trust Deed.

21. Certificates Binding

Any certificate, determination or report from the Auditors, Surveyors or other experts or persons approved by the Trustee for the purpose of giving or making such certificate, determination or report (including, without limitation, in relation to the Property Condition Surveys and the Income Cover Statements) required by the Trust Deed shall, in the absence of manifest error, be conclusive and binding upon the Issuer, the Trustee, the Bondholders and all other persons.

22. Prescription

Claims for principal and/or interest shall become void unless the relevant Coupons and/or the relevant Bonds (as the case may be) are presented for payment within ten years (in the case of principal) or five years (in the case of interest) of the appropriate due date.

23. Replacement of Bonds, Coupons and Talons

If any Bond, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer or the Principal Paying Agent may reasonably require. Mutilated or defaced Bonds, Coupons or Talons must be surrendered before replacements will be Issued.

24. Notices

Notice to the Bondholders will be valid if published in a leading English language daily newspaper published in London (which is expected to be the Financial Times). Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Bondholders.

25. Governing Law

The Bonds and the Trust Deed and the rights of the Bondholders will be governed by and construed in accordance with English law. The Courts of England will have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds may be brought in such Courts.

SUMMARY OF PROVISIONS RELATING TO THE NEW BONDS WHILE IN GLOBAL FORM

The New Bonds will initially be in the form of the Temporary Global Bond in bearer form, without coupons or talons, to be deposited with a common depositary for Euroclear and Clearstream, Luxembourg on the Closing Date. The Temporary Global Bond will be exchangeable in whole or in part not earlier than 40 days after the Closing Date, and upon certification of non-U.S. beneficial ownership, for interests in a Permanent Global Bond in bearer form without coupons or talons, which will also be deposited with such common depositary for Euroclear and Clearstream, Luxembourg. The Permanent Global Bond will be exchangeable for definitive Bonds only in the circumstances described below. Upon deposit of the Temporary Global Bond with such common depositary, Euroclear and Clearstream, Luxembourg will credit each subscriber with a principal amount of the New Bonds equal to the principal amount thereof for which it has subscribed and paid.

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a New Bond represented by a Global Bond must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Bond and in relation to all other rights arising under such Global Bond, subject to and in accordance with the respective rules and procedures of Euroclear and Clearstream, Luxembourg. Such persons shall have no claim directly against the Issuer in respect of payments due on the New Bonds for so long as the New Bonds are represented by such Global Bond and the relevant obligations of the Issuer will be discharged by payment to the bearer of such Global Bond in respect of each amount so paid.

Exchange: The Permanent Global Bond will be exchangeable in whole but not in part for New Bonds in definitive form if either of the following events (each an **Exchange Event**) occurs: (a) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (*Default and Acceleration*) occurs, provided however, that the Permanent Global Bond will not be exchanged for New Bonds in definitive form unless and until the global bond in respect of the Original Bonds is exchanged for definitive bonds in accordance with the terms thereof. Any definitive Bonds will be made available for collection by the person(s) entitled thereto at the specified office of any Paying Agent. If the Issuer makes the required delivery of such definitive Bonds, then the Permanent Global Bond will void and the bearer will have no further rights thereunder.

The Global Bonds contain provisions which apply to the New Bonds while they are in global form, some of which modify the effect of the Conditions set out in this document. The following is a summary of those provisions:

1. *Payments:* Payments will only be made in respect of the Temporary Global Bond, in the case of interest falling due before the Exchange Date, to the extent that a certificate or certificates issued by Euroclear and/or Clearstream, Luxembourg dated not earlier than the date on which such interest falls due or, in the case of interest falling due at anytime, to the extent that the Issuer has failed to procure the exchange of interests in the Temporary Global Bond for interests in the Permanent Global Bond. Payments of principal and interest in respect of New Bonds represented by the Permanent Global Bond will be made against presentation and endorsement and, if no further payment falls to be made in respect of the New Bonds, surrender of the Permanent Global Bond at the specified office of any Paying Agent. A record of each payment so made will be endorsed in the appropriate schedule to the Permanent Global Bond, which endorsement will be *prima facie* evidence that such payment has been made.

2. *Notices:* So long as the New Bonds are represented by a Global Bond and such Global Bond is held on behalf of a clearing system, notices to Bondholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for

publication as required by the Conditions and such notices shall be deemed to have been given to the Bondholders in accordance with Condition 24 (*Notices*) on the date of delivery to the clearing systems.

3. *Prescription:* Claims against the Issuer in respect of principal and interest on the New Bonds which are represented by a Global Bond will become void unless presented for payment within a period of 10 years (in the case of principal) or five years (in the case of interest) from the due date for the payment thereof.

4. *Meetings:* The holder of a Global Bond will be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at such meetings, as having one vote in respect of each New Bond for which such Global Bond may be exchanged.

5. *Cancellation:* Cancellation of any New Bond required by the Conditions to be cancelled will be effected by reduction in the principal amount of the relevant Global Bond.

USE OF PROCEEDS

The net proceeds of the issue of the New Bonds (after deduction of expenses payable by the Issuer and less the New Bond Accrued Interest) will be deposited in the Debt Service Reserve Account, the Repair Sinking Fund and the Initial Cash Security Account in accordance with Condition 2 (*Security*) to be held as security for the benefit of the Bondholders.

Following its release to the Issuer in accordance with Condition 2(E) (*First Legal Mortgages over the Initial Properties*), the Initial Cash shall be applied by the Issuer to refinance existing loans and any remaining funds will be used in furtherance of the Issuer's objects, which include, but are not limited to, the maintenance and improvement of its housing stock and the supply of additional social housing. The New Bond Accrued Interest shall be held by the Issuer in order partially to fund the first interest payment due on the New Bonds on 31 January 2009.

DESCRIPTION OF THE ISSUER

Incorporation

Places for People Homes Limited (formerly known as North British Housing Limited) (the **Issuer**) was incorporated in England with limited liability under the Industrial and Provident Societies Act 1965 (with registered number 19447R) on 14 May 1970 and is registered under the Housing Act 1996 with the Housing Corporation (with registered number L0659). It is also affiliated to the National Housing Federation. The registered address of the Issuer is 4 The Pavilions, Port Way, Preston PR2 2YB. The telephone number of its registered address is 01772 897 200.

The Issuer changed its name from North British Housing Limited to Places for People Homes Limited on 24 May 2006.

Business Overview of the Issuer and the Places for People Group

The Issuer is a subsidiary of Places for People Group Limited which is the parent company of the Places for People group of companies (the **Group**). The Issuer is the main asset holding company within the Group.

The Issuer is a registered social landlord (and will, following the implementation of the relevant sections of the Housing and Regeneration Act 2008, be a registered provider of social housing) and a not-for profit organisation whose activities are regulated by the Housing Corporation. Under the Housing and Regeneration Act 2008, the functions of the Housing Corporation are to be transferred to two separate bodies: the Homes and Communities Agency (the **HCA**) and the Office for Tenants and Social Landlords (the **OTSL**). The main regulatory responsibility for the activities of the Issuer will rest with the OTSL. As at the date of this Offering Circular, the transitional arrangements relating to the Housing and Regeneration Act 2008 have not been finalised.

The Issuer's primary business objects are to provide a wide range of products and services in the housing sector including the development of new homes at affordable and open market rents, and for open market and affordable residential property sales.

The Group is one of the largest property management and development group of companies in the UK, comprising 59,871 homes (as at 31 March 2008) either owned or managed in a mixture of different tenures and an asset base at a cost of £2.5 billion. With 2178 full time equivalent employees (as at 31 March 2008), the Group provides a diverse range of products and services to create high quality, safe and sustainable communities. The Group provides a range of housing solutions, specialist care and support services, employment and training opportunities, financial services and regeneration master planning.

The Group consists of three other registered social landlords and a number of other operating subsidiaries which are pursuing complementary activities. The registered social landlords are run as businesses and any surplus which may result from their operations are reinvested in the Group. The Group provides central services to the companies within the Group. The Board of Directors of Places for People Group Limited (the **Group Board**) sets strategy across the Group and approves the business plans of the operating subsidiaries, including that of the Issuer.

At 31 March 2008, the Issuer owned 38,983 homes for rent. The property portfolio includes houses, apartments and bungalows for families, single and elderly people. In addition, the Issuer had retained equity interests in 9,134 shared ownership properties.

Active in over 200 local authority areas, the Issuer works in partnership with a wide range of statutory and voluntary organisations to deliver a locally responsive service, backed by the expertise and financial strength of the Group. This is demonstrated by the broad scope of the Issuer's activities, which include:

- the management of quality, affordable housing for families, couples and single people and accommodation for students;
- investment in new development — large scale regeneration and conversion schemes; and
- low cost home ownership initiatives.

Recent and current developments that the Issuer is involved in include St Thomas' School in London, Infirmary Waterside in Blackburn, and Wolverton in Milton Keynes.

St Thomas' School, London

Working in partnership with the London Diocesan Board for Schools the Issuer will construct a new primary school in the London Borough of Kensington & Chelsea, the costs of which will be met from the proceeds from sale of flats which will be constructed above the school. In total 69 flats will be built for a combination of market sale, shared ownership sale and affordable renting.

Infirmary Waterside, Blackburn

Delivered in partnership with the Housing Corporation, the Local Authority, Elevate (the regional Housing Market Renewal Agency) and English Partnerships, this mixed tenure development will facilitate regeneration in one of the Government's identified market renewal areas. The development, now underway, will take approximately 5 years to complete and will deliver a total of 131 homes for a combination of market sale, shared ownership sale and affordable renting.

Wolverton, Milton Keynes

At Wolverton, near Milton Keynes, 300 new apartments, duplexes, penthouses and town houses, including 90 affordable homes, as well as commercial space are being created on a disused brownfield site. The project involves the redevelopment of a historic train-building site that was once home to the Royal Train. The project is now nearing completion.

Housing Stock for the Group and Issuer as at 31 March 2008

	Group	**Issuer**
Units Owned for Rent	50,562	38,983
Home Ownership Units part owned and managed	9,309	9,134
Subtotal	59,871	48,117
Units Managed for other organisations	852	267
Units under development	3,672	2,210
Units developed for sale in stock	398	357
Total owned, managed and under development	64,793	50,951

Other companies in the Group include:

- Places for People Developments Limited;
- Places for People Individual Support Limited;
- Kush Housing Association Limited;
- Castle Rock Edinvar Housing Association Limited;
- Lothian Homes Limited;

- Upper Strand Developments Ltd;
- Places for People Neighbourhoods;
- Blueroom Properties Limited;
- Places for People Financial Services Limited;
- Emblem Homes Limited;
- Places for People Landscapes Limited;
- Places for People Scotland Care and Support Limited; and
- Places for Children (PfP) Limited.

The Issuer has one wholly owned operating subsidiary, which is Places for People Landscapes Limited, and one dormant subsidiary, which is Southdoyle Limited.

Places for People Landscapes Limited

Places for People Landscapes Limited (formally North British Landscapes Limited) was founded in 1978 and offers landscaping and maintenance services both internally to the Group and to external customers. As at 31 March 2008, Places for People Landscapes Limited employed over 80 members of staff.

On 31 March 2008, the Issuer made gift aid payments of £3.75 million before tax for the year to two of the Group's charitable subsidiaries.

Administrative, management and supervisory bodies

The Group operates in most parts of England through a functional management structure designed to promote effective service delivery and accountability at a local level.

The Group Board is responsible for setting strategies and policies for the whole Group and coordinating the Group's activities through an Independence and Responsibility Agreement with each subsidiary.

The Group Board exercises control over the Issuer through an Independence and Responsibility Agreement, a Service Level Agreement and power granted to Places for People Group Limited in the Rules of the Issuer. The Group established its Assurance and Regulation Board (**ARB**) structure in 2005 to streamline the governance process for its registered social landlords. The ARB structure has since been refined so that the ARB acts as the board of charitable entities such as Places for People Individual Support Limited and Places for People Neighbourhoods. Responsibility for operational oversight of the Issuer has been delegated by the Group Board to the ARB because the members of the ARB are closely connected with the Group's 'Place' agenda which includes housing management but which extends also to other areas of the Group activity.

The Group Board is responsible for maintaining and reviewing the Group's system of internal control. The Group has an audit and risk management committee which is responsible to the Group Board for monitoring this system and reporting on its effectiveness.

The names and positions of the current members of the Group Board and such members' other positions within the Group and their principal activities outside the Group, where these are significant with respect to the Group, are as follow:

Name	Position	Other positions within the Group and principal activities outside the Group
Ms Z Atkins	Group Chairman	Chairman: Remuneration Committee Chairman: Nominations Committee Chairman of OFSTED

		Trustee of Dreamwall and Non-Executive Director of Royal Navy Board
Mr D Cowans	Group Chief Executive (PfP)	Nine (9) other Group Directorships
Mr J C Dennis	Non-Executive Director	Member: Nominations Committee Non-executive Director of Deflog Defence Logistics
Mr A Tucker	Non-Executive Director	Member: Audit and Risk Management Committee Chairman: Assurance and Regulation Board Director of the Big Lottery Fund
Mr G Watson OBE	Non-Executive Director	Chairman: Audit and Risk Management Committee Member: Strategic Finance Committee Chairman of Braveheart Investment Group plc
Ms V Owen OBE	Non-Executive Director	Member: Strategic Finance Committee Member: Remuneration Committee Managing Director of Le Vaillant Owen Consultancy Limited
Ms S Crouch OBE	Non-Executive Director	Member: Audit and Risk Management Committee Non-Executive Director of Thurrock Thames Gateway Urban Development Corporation Managing Director of World Trade Centre, London
Mr C Phillips	Non-Executive Director	Chairman: Strategic Finance Committee Chairman of Deutsche European Real Estate Plc
Mr S Binks	Group Director, Finance & IT (PfP)	Chair of Trustees at the Places for People Group Retirement Benefits Scheme Ten (10) other Group Directorships
Mr D Shaw	Group Director, Development & Procurement (PfP)	Four (4) other Group Directorships
Mr E Bryan	Group Director of Place	Member: Assurance and Regulation Board Four (4) other Group Directorships
Mr R Caravol	Non-Executive Director	CEO of the Inspired Leaders Network
Mr E Mani	Non-Executive Director	Acting CEO and Director of the United National Bank

The names and positions of the current members of the ARB responsible for the affairs of the Issuer are as follows:

Name	Position	Other positions within the Group and principal activities outside the Group
Mr A Tucker	Non-Executive Director	See above
Mr E Bryan	Group Director of Place	See above
Mr R Carayol	Non-Executive Director	See above
Mr S Soin	Financial Resources Director	
Mr N Dakin	Member	Non-Executive Director of Places for People Individual Support Limited, Places for People Neighbourhoods Limited, Kush Housing Association Limited
Ms A Frederick	Member	Non-Executive Director of Places for People Individual Support Limited, Places for People Neighbourhoods Limited, Kush Housing Association Limited
Ms M McCarthy	Member	Non-Executive Director of Places for People Individual Support Limited, Places for People Neighbourhoods Limited, Kush Housing Association Limited
Ms E Barrie	Member	Non-Executive Director of Places for People Individual Support Limited, Places for People Neighbourhoods Limited, Kush Housing Association Limited
Ms Z Martin	Member	Non-Executive Director of Places for People Individual Support Limited, Places for People Neighbourhoods Limited, Kush Housing Association Limited

The business address for all members of the Group Board and the ARB is 4, the Pavilions, Port Way, Preston PR2 2YB.

There are no conflicts of interest between any duties to the Group of the members of the Group Board and their private interests and/or duties. Board members are required to disclose potential conflicts and the Board or ARB, as the case may be, will take any such disclosures into account in arranging the conduct of its business.

Corporate Governance

In July 2007, the Housing Corporation issued a circular 07/07 on internal controls assurance which codifies the applicability to Registered Social Landlords of the provisions of the Combined Code on Corporate Governance. The Group Board believes that Places for People Group Limited has in place the control framework required to comply with the requirements of the circular 07/07. The Group Board is of the view

that the Group complies with the Combined Code of Corporate Governance including the recommendations of the Higgs and Smith Reports, which were incorporated within the revised Combined Code.

The overall internal control framework comprises:

- frameworks and structures to ensure that the business remains viable and is managed effectively; and
- the identification of appropriate assurance mechanisms which can be used to ensure that the internal control framework is operating effectively.

A key element of the required process is that the Group Chief Executive submits a report to the Group Board on the position in relation to assurance on internal control.

Executive Team

The Executive Team responsible for day to day management of the Issuer comprises the Group Chief Executive, and three Group Directors responsible for Finance & Information, Place and Development/Procurement.

The names and positions of the current members of the Executive Team and such members' other positions within the Group and their principal activities outside the Group, where these are significant with respect to the Group, are as follows:

Name	Position within Issuer	Other positions within the Group and principal activities outside the Group
Mr D Cowans	Group Chief Executive (PfP)	See above
Mr S Binks	Group Director, Finance & IT (PfP)	See above
Mr D Shaw	Group Director, Development & Procurement (PfP)	See above
Mr E Bryan	Group Director of Place (PfP)	See above

The business address for all members of the Executive Team is 4, The Pavilions, Port Way, Preston PR2 2YB.

There are no conflicts of interest between any duties to the Issuer of the members of the Executive Team of the Issuer and their private interests and/or duties. Board members are required to disclose potential conflicts and the Board of the Issuer, the Group Board or ARB, as the case may be, will take any such disclosures into account in arranging the conduct of its business.

Shareholders and capital structure

As at 31 March 2008, the Issuer has allotted, issued and fully paid, 11 ordinary shares of £1 each. Ordinary shareholders are not entitled to any dividend.

The Issuer's shares carry no right to interest, dividend or bonus. When a shareholder ceases to be a shareholder, his or her share is cancelled and the amount paid up becomes the property of the Issuer. Any shareholder must be proposed for shareholder membership by Places for People Group Limited.

Recent Developments

At 31 March 2008, the Issuer had net current assets of £2.7 million (compared to £66.1 million as at 31 March 2007) and long term debt of £1.1 billion (compared to £899.8 million as at 31 March 2007). At 30 November 2008, the Issuer had net current assets of £4.5 million and long term debt of £1.1 billion.

Save as stated above, at the close of business on 30 November 2008, the Issuer had no loan capital (including term loans) outstanding or created but un-issued, nor any outstanding mortgages, charges, debentures nor other borrowings nor indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments, obligations under finance leases, guarantees or contingent liabilities.

The Issuer's surplus for the year ending on 31 March 2008 before taxation and reserve transfers was £2.4 million (2007: £8.3 million). These surpluses are after donations of £3.75 million (2007: £3 million) to other group bodies. £68.3 million (2007: £51.1 million) was spent on additional housing and £53.8 million (2007: £52.5 million) was reinvested in stock through maintenance, major repairs and improvements.

Insurance

The Issuer has covenanted, pursuant to Clause 15.2.10 of the Principal Trust Deed, that it shall insure and keep insured (subject to such exceptions as the Trustee may agree) all Mortgaged Properties against loss or damage by, *inter alia*, fire, earthquake, storm, tempest, lightning, riot, civil commotion, labour and political disturbances, malicious damage and explosion. The Issuer has entered into insurance policies with Zurich Municipal under Policy No: JHA22S297-0013 in satisfaction of such covenant.

DTZ REPORT

The Consulting Report set out below was prepared by DTZ Debenham Tie Leung Limited, Registered Chartered Surveyors, of 2 The Embankment, Sovereign Street, Leeds LS1 4BP (**DTZ**) and is included in this Offering Circular, at the Issuer's request, in the form and context in which it is included, with DTZ's consent and DTZ have authorised the contents of this section.

DTZ has no material interest in the Issuer.

Report and Valuation as at 5th January 2009

Prepared on behalf of:
Places for People Homes Limited
Prudential Trustee Company Limited
Royal Bank of Canada Europe Limited

£180,000,000 5.09 per cent Secured Bonds due 2043 (to be consolidated and form a single series with the £200,000,000 5.09 per cent Secured Bonds due 2043 issued on 10 July 2003)

Private & Confidential

DTZ
2 The Embankment
Sovereign Street
Leeds
LS1 4BP

5th January 2009

Places for People Homes Limited
Prudential Trustee Company Limited
Royal Bank of Canada Europe Limited
£180,000,000 5.09 per cent Secured Bonds due 2043 (to be consolidated and form a single series with the £200,000,000 5.09 per cent Secured Bonds due 2043 issued on 10 July 2003)
Job No: 08029233
Date of Report: 5th January 2009
Date of Valuation: 5th January 2009

Contents

1.	Introduction	1
2.	Appraisal Assumptions	3
3.	Terms and Conditions	4

100% recycled paper

Places for People Homes Limited
Prudential Trustee Company Limited
Royal Bank of Canada Europe Limited
£180,000,000 5.09 per cent Secured Bonds due 2043 (to be consolidated and form a single series with the £200,000,000 5.09 per cent Secured Bonds due 2043 issued on 10 July 2003)
Job No: 08029233
Date of Report: 5th January 2009
Date of Valuation: 5th January 2009

Places for People Homes Limited
4 The Pavillions
Preston
PR2 2YB

Prudential Trustees Company Limited
5 Laurence Poutney Hill
London
EC4R 0HH

Royal Bank of Canada Europe Limited
71 Queen Victoria Street
London
EC4V 4DE

5th January 2009

Dear Sirs,

Places for People Homes Limited £180 million 5.09 per cent Secured Bonds due 2043 (to be consolidated and form a single series with the £200,000,000 5.09 per cent Secured Bonds due 2043 issued on 10 July 2003 (the "Original Bonds")) (the "New Bonds" and, together with the Original Bonds, the "Bonds")

In accordance with our email of engagement dated 24th September 2008, and information supplied between the 12th August 2008 until the date of this report, we have performed a review of the management and maintenance costs for the properties scheduled to this letter, which will be charged by Places for People Homes Limited ("Places for People") as security for the Bonds.

1. Introduction

Our appraisal has been prepared from inspection of the properties to provide an assessment of the minimum level of annual expenditure required to manage and maintain the properties in good and tenantable condition, taking into consideration the following: -

100% recycled paper

a. Management provision;

b. maintenance and major repair costs to retain the stock in a satisfactory and lettable condition (no provision has been made for a sinking fund for repair works likely to occur more than five years in the future);

c. property insurance (contents insurance where appropriate for communal furnishings and fittings);

d. ground and head rents, water rates and rental apportionments or agreements where notified by the Association, and;

e. Service and care costs (*if applicable*);

The assessment of expenditure levels should be read in conjunction with the full definitions and limitations outlined within the report Terms and Conditions. In preparing our estimates we have not considered the financial status of Places for People and have assumed that they will remain a position to offer similar economies of scale and in a position to honour their financial obligations at the time of assessment.

We have carried out a complete external inspection of the stock and an internal inspection amounting to approximately 22.3%. We can confirm that employees of DTZ have undertaken all inspections relating to the condition of the stock. We can confirm that all inspections relating to the condition of the stock have been undertaken or supervised by qualified RICS employees of DTZ.

100% recycled paper

2. Appraisal Assumptions

Certain assumptions have been made in order to arrive at the expenditure forecasts of the properties.

i. Expenditure on reactive repairs has been estimated based on actual costs and our assessment of current average costs for the next five-year period.

ii. Expenditure on major repairs has been estimated on actual costs and our assessment of current average costs for the next five year period.

iii. Management costs have been estimated taking into consideration Places for People's actual and proposed future management costs based on current average costs.

iv. The expenditure estimate for each scheme or cluster has been appraised assuming economies of scale through it forming part of the subject portfolio.

v. Service and care costs, where applicable, are levied in addition to the management provision and are assumed to be self-financing with a neutral budget impact. They are specifically excluded from our scheme management provision within the schedule.

vi. All roads and services within each scheme or cluster on which the properties are dependent are assumed to be made up to an adoptable standard and maintained by the respective local authority and statutory undertaker, unless otherwise stated.

vii. Assessments of management costs and expenditure have all been made net of inflation.

viii. All management and maintenance expenditure have been assessed as at today's prices.

ix. Our assessment specifically excludes the effects of any disposal transactions undertaken within existing or proposed 'Right to Buy' legislation.

100% recycled paper

3. Terms and Conditions

Tenancy Agreements

Written enquiries were made to Places for People and no information was provided to us regarding the existence of any non-standard assured or regulated tenancy agreements. We have assumed all units are let on standard agreements unless noted to the contrary in the respective reports.

Title

We have not been provided with access to Title Deeds of the properties and have assumed that the subjects are free from any onerous or unusual covenants, restrictions or statutory notices that would affect the estimates unless specifically advised to the contrary by Places for People or their legal advisers.

Planning and Statutory Requirements

We have assumed that the existing houses on site have been built in full compliance with valid town planning and building regulations approvals and that the properties are not subject to any outstanding statutory notices as to their construction, use or occupation. Unless our enquiries reveal to the contrary, we have also assumed that the existing use of the properties is duly authorised or established and that no adverse planning proposals or restrictions apply.

Plant, Machinery and Common Facilities

No allowance has been made in this appraisal for any item of plant or machinery not forming part of the services installations of the building. Specifically excluded have been all items of plant, machinery and equipment installed wholly or primarily in connection with the tenants' occupation of the premises, furnishings and fixtures and fittings.

Where there are common facilities within the schemes and their usage is reflected in the rental levels and agreements, we have assumed that these facilities will form part of the security.

100% recycled paper

Condition of Structure and Services, Deleterious Materials

A structural survey of all properties on each development has not been undertaken. We have not arranged for investigation to be carried out to determine whether high Alumina cement concrete, calcium chloride additive or any other deleterious materials have been used in the construction and we are therefore not able to confirm that the property is free from risk in this regard.

To assist in determining our opinion of the properties' condition we have undertaken an external inspection of all units and an internal inspection of a sample unit on each scheme. Places for People have provided details of their proposed maintenance costs and estimates from stock condition surveys undertaken on the stock.

The inspections were not undertaken in order to provide a detailed statement as to the condition of the housing stock, but to identify out goings for inclusion in the estimates of expenditure.

We have been specifically informed by Places for People that the majority of the units which are less than 10 years old have the benefit of NHBC, HAPM or similar warranty cover and that none of the subject properties are designated 'Defective' under the Housing Act 1988.

Contamination

No mining, geological or other investigation has been undertaken to certify that the site is free from any defects as to foundations nor have any investigations been undertaken into environmental pollution or human health hazards caused by the accumulation, emission or discharge of noxious gases or liquids caused by deposits of controlled or uncontrolled wastes.

We have been instructed not to make any investigations in relation to the presence or potential presence of contamination in land or buildings. We have assumed that if investigations were made to an appropriate extent then nothing would be discovered sufficient to affect the net cashflow.

100% recycled paper

Enquiries were made directly to Places for People and no information was provided to us indicating that there has been pollution/contamination. In these circumstances the assumption we have been instructed to make is in our opinion a reasonable one, provided that searches undertaken by your legal advisers do not indicate any further matters of concern in this regard. Where there is an exception and Places for People has made us aware of this, we have made further comment in the respective reports.

Restrictive Covenants and Easements

Our appraisal assumes that there are no unknown burdens pecuniary or otherwise affecting the subject properties, which would have an adverse effect on the cashflow. In particular, there are no servitudes, 'Rights of Way' or outstanding repair liabilities of which we have not been informed by Places for People.

Yours faithfully
DTZ

D. R. Nesbitt

.....

DEREK NESBITT, MRICS
DIRECTOR

.....

ROBIN M BUSBY
ASSOCIATE DIRECTOR

100% recycled paper

Places for People Homes Limited
£180,000,000 5.09 per cent Secured Bonds due 2043
(to be consolidated and form a single series with the £200,000,000 5.09 per cent Secured Bonds due 2043 issued on 10 July 2003 (the "Original Bonds")) (the "New Bonds" and, together with the Original Bonds, the "Bonds")
Management and Maintenance Property Details

Asset ID	Scheme Ref	Scheme Name	Post Code	Number of Units	Management per Scheme	Management per Unit	Maintenance per Scheme	Maintenance per Unit	Annual Net Rent	Annual Market Rent
A00026	00026	Cavendish Square Phase 1, Hull	HU3 1SS	12	£ 3,060	£ 255	£ 5,420	£ 452	£ 31,901	£ 69,120
A00081	00081	Yorkshire Way, Bradford	BD7 3LG	4	£ 1,190	£ 298	£ 2,056	£ 514	£ 13,611	£ 20,400
A00224	00224	East George Potts Street, South Shields	NE33 3PU	4	£ 1,140	£ 285	£ 2,293	£ 573	£ 11,721	£ 16,200
A00230	00230	Mill Lane, Warton, Phase 2	PR4 1AW	1	£ 380	£ 380	£ 747	£ 747	£ 6,240	£ 11,700
A00254	00254	89 Park Field, Newcastle Upon Tyne	NE40 3RW	4	£ 1,120	£ 280	£ 2,290	£ 573	£ 10,697	£ 14,400
312 / 1587	00312	Elsden Road, Phases 1 & 2, Wellingborough	NN8 1QD	9	£ 2,290	£ 254	£ 4,351	£ 483	£ 27,383	£ 39,600
328	00328	Metro property Exchange, Failsworth , Oldham	M35 0AQ	5	£ 1,590	£ 318	£ 3,527	£ 705	£ 17,282	£ 28,260
337	00337	168 Green Lane, Oldham	OL8 3BB	3	£ 820	£ 273	£ 1,570	£ 523	£ 11,062	£ 10,800
342	00342	Hull, Harbour Farm	HU6 8AU	21	£ 6,050	£ 288	£ 13,913	£ 663	£ 72,078	£ 103,800
A00719	00370	Brennewater Mews, Bowthorpe, Norwich	NR5 9DH	1	£ 290	£ 290	£ 588	£ 588	£ 3,386	£ 6,720
427	00427	14 Emblehope, Blackfell	NE37 1SH	6	£ 1,690	£ 282	£ 3,168	£ 528	£ 22,365	£ 32,400
440	00440	Belgrave Road, Leyland	PR25 2LG	6	£ 1,660	£ 277	£ 3,386	£ 564	£ 21,344	£ 30,600
B00449	00455	Laurel Avenue, Euxton	PR7 6AY	4	£ 1,260	£ 315	£ 2,299	£ 575	£ 16,712	£ 31,200
478	00478	Hull, Harbour Farm	HU6 9JB	6	£ 1,940	£ 323	£ 4,342	£ 724	£ 21,274	£ 29,880
525	00525	Spring Street, Oldham	OL4 2DG	20	£ 4,970	£ 249	£ 11,047	£ 552	£ 56,980	£ 95,400
538	00538	Mechanics Institute, Bolton	BL6 5PL	66	£ 15,750	£ 239	£ 35,556	£ 539	£ 204,336	£ 352,560
539	00539	Greenwood St, Oldham, Ph 1	OL4 2BB	41	£ 9,810	£ 239	£ 21,403	£ 522	£ 119,151	£ 170,640
540	00540	Carr Brow, Briary Court	PR5 8LB	106	£ 24,840	£ 234	£ 53,065	£ 501	£ 305,192	£ 543,240
A00588	00588	CLDC Astley Park VC, Chorley	PR7 1XA	5	£ 1,310	£ 262	£ 2,765	£ 553	£ 14,314	£ 27,300
621	00621	Main Street, Phase 2, Lancaster	LA1 2DD	14	£ 3,980	£ 284	£ 9,078	£ 648	£ 41,618	£ 72,000
633	00633	2A Park Avenue, Oldham	OL9 0AL	4	£ 1,070	£ 268	£ 2,193	£ 548	£ 15,900	£ 18,480
639	00639	Royce Road, Manchester	M15 5HZ	1	£ 310	£ 310	£ 618	£ 618	£ 3,608	£ 6,900
673	00673	Buckley Lane, Farnworth	BL4 9PF	5	£ 1,330	£ 266	£ 2,554	£ 511	£ 12,524	£ 17,700
695	00695	Old Millstones, Preston	PR1 8PZ	2	£ 540	£ 270	£ 1,061	£ 531	£ 6,072	£ 11,160
698	00698	Rothwell Drive, Fleetwood	FY7 8FF	2	£ 570	£ 285	£ 1,127	£ 564	£ 6,193	£ 9,600
919	00919	Shepway Close, Folkstone	CT19 5SJ	10	£ 2,870	£ 287	£ 6,388	£ 639	£ 44,783	£ 84,000
953	00953	Janine Close, Morecambe	LA4 4NH	9	£ 2,580	£ 287	£ 5,694	£ 633	£ 42,486	£ 62,100
1552	01552	Whalley Range, Manchester	M16 0AN	6	£ 1,760	£ 293	£ 4,688	£ 781	£ 27,842	£ 46,980
1567	01567	Beech Avenue, Greenacres	OL4 2EE	5	£ 1,270	£ 254	£ 2,556	£ 511	£ 24,287	£ 18,720
A01576	01576	Harbour Farm, Hull	HU6 8DG	28	£ 7,650	£ 273	£ 17,454	£ 623	£ 97,180	£ 139,260
A01581	01581	Shepherd Cross Street, Frank Street, Louisa Street, Bolton	BL1 3BS	3	£ 950	£ 317	£ 1,947	£ 649	£ 10,212	£ 15,660
1592	01592	Dale Street, Scunthorpe	DN15 7LW	1	£ 340	£ 340	£ 690	£ 690	£ 4,060	£ 5,100
1954	01954	Egerton Street, Ashton under Lyne	OL6 9NY	1	£ 350	£ 350	£ 697	£ 697	£ 3,440	£ 6,780
A02399	01962	Walmsley Street, Fleetwood	FY7 6LJ	1	£ 320	£ 320	£ 711	£ 711	£ 5,106	£ 6,000
2043	02043	Northwood Crescent, Nottingham	NG5 6DQ	2	£ 620	£ 310	£ 1,112	£ 556	£ 6,570	£ 13,200
A02299	02299	Hattenure Choice Props Hull	HU6 8AB	29	£ 8,690	£ 300	£ 20,155	£ 695	£ 99,245	£ 140,400
2300	02300	Weston Street and Bramwell Drive, Sheffield	S3 7NQ	9	£ 2,570	£ 286	£ 6,085	£ 676	£ 34,368	£ 50,820
A02340	02340	F/H Hsedurham & Cleveland Noebs	TS29 6JT	1	£ 320	£ 320	£ 616	£ 616	£ 4,771	£ 6,300
2354	02354	Hythe Hill, Phase 1, Colchester	CO1 2FG	1	£ 340	£ 340	£ 640	£ 640	£ 4,716	£ 11,700
A02372	02372	Catterick Road,Colburn	DL9 4XW	25	£ 6,650	£ 266	£ 13,898	£ 556	£ 94,980	£ 150,600
2386	02386	New Rw, Paptist Hall Mws, Church St, North Lincs	DN17 3RY	4	£ 1,230	£ 308	£ 2,740	£ 685	£ 14,752	£ 21,120
B00221	02470	Oldham Rehabs 2000/01	OL4 1NF	10	£ 3,080	£ 308	£ 6,987	£ 699	£ 34,674	£ 52,200
A02270	02471	Battersby Site, West End Road, Morecambe	LA4 4FD	16	£ 4,480	£ 280	£ 9,495	£ 593	£ 67,435	£ 96,600
B00033	02475	Pinchington Lane,Newbury	RG14 7XE	11	£ 3,090	£ 281	£ 6,607	£ 601	£ 51,035	£ 109,080
2480	02480	Parkstone Court, Little Lever	BL3 1PR	10	£ 2,580	£ 258	£ 4,290	£ 429	£ 33,825	£ 51,300

Places for People Homes Limited
£180,000,000 5.09 per cent Secured Bonds due 2043
(to be consolidated and form a single series with the £200,000,000 5.09 per cent Secured Bonds due 2043 issued on 10 July 2003 (the "Original Bonds")) (the "New Bonds" and, together with the Original Bonds, the "Bonds")
Management and Maintenance Property Details

Asset ID	Scheme Ref	Scheme Name	Post Code	Number of Units	Management per Scheme	Management per Unit	Maintenance per Scheme	Maintenance per Unit	Annual Net Rent	Annual Market Rent
B00219	02482	Oldham Rehabs 1999/00	M35	23	£ 6,700	£ 291	£ 15,753	£ 685	£ 74,612	£ 112,440
A01944	02483	Homeswitch for Rent 98/12	BL3 4HJ	4	£ 1,240	£ 310	£ 2,614	£ 654	£ 13,289	£ 21,600
A02300	02484	Branwell Gardens Phase 1	S3 7NW	13	£ 3,680	£ 283	£ 9,288	£ 714	£ 51,132	£ 74,880
2485	02485	Horseshoe Drive, Macclesfield	SK11 8GB	10	£ 2,760	£ 276	£ 6,074	£ 607	£ 80,666	£ 66,600
AA0754	02488	Chippenham Road Ph 1, London	W9 2AT	37	£ 9,030	£ 244	£ 20,408	£ 552	£ 200,328	£ 1,082,400
A01953	02490	Foundry, School Hill, Ph 1, Bolton	BL1 2LA	14	£ 3,730	£ 266	£ 7,302	£ 522	£ 46,418	£ 80,400
B00022	02493	Portsmouth P&R 1999/2000	PO2 7JB	1	£ 340	£ 340	£ 684	£ 684	£ 4,205	£ 8,400
B00149	02494	Uttlesford P&R 1999/2000	CB10 1EX	8	£ 2,240	£ 280	£ 4,686	£ 586	£ 30,310	£ 53,700
2502	02502	Gravners Field, Thornton	FY5 4EY	4	£ 1,110	£ 278	£ 2,201	£ 550	£ 14,204	£ 25,200
2503	02503	Powell Avenue, Blackpool	FY4 3HH	3	£ 920	£ 307	£ 1,874	£ 625	£ 10,845	£ 19,800
B00034	02506	22 Godfrey Rd Spixworth	NR10 3NH	4	£ 1,000	£ 250	£ 1,920	£ 480	£ 24,933	£ 12,000
A40214	02509	Chapter House, Coffee Hall, Milton Keynes	MK6 5EE	1	£ 290	£ 290	£ 505	£ 505	£ 4,028	£ 8,700
A02429	02514	Rose Villa, Lloyds Street, Stafford	ST16 3GH	15	£ 3,660	£ 244	£ 7,372	£ 491	£ 41,508	£ 63,000
2518	02518	The Old School House, Brook Street, Higher Walton, Preston	PR5 4DW	8	£ 2,040	£ 255	£ 4,286	£ 536	£ 24,306	£ 40,200
B00090	02521	Sittingbourne and Sheerness Units, Kent	ME10 3PG	6	£ 1,960	£ 327	£ 4,000	£ 667	£ 22,647	£ 52,800
A02355	02529	Preston Rehabs 1998/1999	PR1 4YA	4	£ 1,260	£ 315	£ 2,491	£ 623	£ 13,916	£ 22,140
2530	02530	The Brookes, Chorley	PR6 0QP	8	£ 2,250	£ 281	£ 4,516	£ 565	£ 29,604	£ 53,760
A02303	02535	Freckleton Street, Lytham	FY8 5DS	7	£ 1,970	£ 281	£ 4,432	£ 633	£ 25,110	£ 53,580
2539	02539	Hill Farm Avenue, Leavesden, Watford	WD25 7BQ	7	£ 1,820	£ 260	£ 3,949	£ 564	£ 28,264	£ 60,600
2543	02543	Ancholme Court, Scunthorpe	DN15 7JX	12	£ 3,060	£ 255	£ 6,934	£ 578	£ 45,009	£ 59,760
A02544	02544	Tweed House, Sandport Walk, Stockton on Tees	TS18 2JN	20	£ 5,090	£ 255	£ 10,437	£ 522	£ 65,190	£ 90,540
A02412	02545	Southampton P & R 98/99	SO16 6BR	6	£ 1,960	£ 327	£ 4,523	£ 754	£ 26,540	£ 51,000
A02406	02547	Gipsyville Phase 2a	HU4 6LU	29	£ 7,700	£ 266	£ 17,649	£ 609	£ 103,174	£ 163,380
B00101	02568	East Cowes, Isle of Wight	PO32 6EE	3	£ 1,010	£ 337	£ 1,953	£ 651	£ 11,692	£ 19,920
2571	02571	Ashthorpe Road, Braunstone, Leicester	LE3 1PL	2	£ 540	£ 270	£ 1,036	£ 518	£ 6,286	£ 9,600
2572	02572	Ashthorpe Road, Braunstone, Leicester	LE3 1PL	4	£ 1,060	£ 265	£ 1,923	£ 481	£ 17,488	£ 22,800
B00084	02586	Manchester Renewal Initiative 1998/99	M18 7AQ	1	£ 300	£ 300	£ 639	£ 639	£ 3,392	£ 5,100
B00084	02587	Manchester Renewal Initiative 1998/99	M18 7AL	1	£ 320	£ 320	£ 648	£ 648	£ 3,335	£ 5,100
B00084	02588	Manchester Renewal Initiative 1998/99	M18 7AE	1	£ 340	£ 340	£ 649	£ 649	£ 3,750	£ 5,700
B00084	02590	Manchester Renewal Initiative 1998/99	M18 7FT	1	£ 340	£ 340	£ 720	£ 720	£ 3,776	£ 5,700
B00084	02591	Manchester Renewal Initiative 1998/99	M18 7AN	1	£ 320	£ 320	£ 660	£ 660	£ 3,335	£ 5,100
B00089	02592	North Lincs Rural Repairs 1C	DN20 8QF	2	£ 640	£ 320	£ 1,222	£ 611	£ 7,812	£ 11,400
B00053	02593	Hucknall, Nottingham	NG15 6BT	5	£ 1,430	£ 286	£ 3,015	£ 603	£ 17,709	£ 33,300
B00100	02594	Hucknall, Nottingham	NG15 6AH	10	£ 2,780	£ 278	£ 6,099	£ 610	£ 34,057	£ 63,540
B00254	02595	Blackpool Rehabs 2001/02	FY1 2NH	10	£ 3,040	£ 304	£ 7,166	£ 717	£ 43,988	£ 70,200
B00046	02601	Miller Road Phases 1, 2 & 3, Preston	PR1 5QW	63	£ 16,820	£ 267	£ 34,312	£ 545	£ 227,729	£ 377,760
2605	02605	Fossey Close, Shenley Brook, Milton on Keynes	MK5 7FT	4	£ 1,180	£ 295	£ 2,586	£ 647	£ 11,680	£ 33,360
2606	02606	Lees Road, Middlesbrough	TS1 5NG	3	£ 910	£ 303	£ 1,690	£ 563	£ 10,772	£ 17,100
2607	02607	Sydney Road, Eastbourne	BN22 8BG	1	£ 320	£ 320	£ 624	£ 624	£ 3,870	£ 8,400
B00097	02608	Leicester Units, Leicestershire	LE2 1FF	13	£ 3,600	£ 277	£ 7,395	£ 569	£ 48,950	£ 78,792
A02407	02610	Parkers Lane, Ashby, Scunthorpe	DN16 2JY	8	£ 2,230	£ 279	£ 5,217	£ 652	£ 28,225	£ 36,720
B00075	02613	Queen Mary Road, Cary Grove, Manor, Shetfield	S2 1HR	21	£ 5,660	£ 270	£ 15,365	£ 732	£ 77,744	£ 127,800
B00001	02615	Queens Road, Monsall	M40 8RE	15	£ 3,820	£ 255	£ 7,884	£ 526	£ 45,718	£ 103,500
B00076	02617	Auburn Close, Preston Road, Hull	HU9 5WE	11	£ 3,020	£ 275	£ 6,297	£ 572	£ 38,908	£ 66,300
A01988	02620	Delhi Street, London	N1 0AH	15	£ 3,980	£ 265	£ 9,413	£ 628	£ 74,360	£ 409,200

Places for People Homes Limited
£180,000,000 5.09 per cent Secured Bonds due 2043
(to be consolidated and form a single series with the £200,000,000 5.09 per cent Secured Bonds due 2043 issued on 10 July 2003 (the "Original Bonds")) (the "New Bonds" and, together with the Original Bonds, the "Bonds")
Management and Maintenance Property Details

Asset ID	Scheme Ref.	Scheme Name	Post Code	Number of Units	Management per Scheme	Management per Unit	Maintenance per Scheme	Maintenance per Unit	Annual Net Rent	Annual Market Rent
A01970	02626	The Manhattan Building, Seaside Road	BN21 3PB	11	£ 2,800	£ 255	£ 4,929	£ 448	£ 33,744	£ 87,000
B00108	02628	Rycroft Close, Wellingborough	NN8 3AP	27	£ 6,840	£ 253	£ 13,244	£ 491	£ 90,670	£ 142,200
B00084	02635	Manchester Renewal Initiative 1998/99	M18 7FL	1	£ 340	£ 340	£ 682	£ 682	£ 3,626	£ 5,700
B00084	02636	Cecil Grove, Manchester	M18 7EW	1	£ 340	£ 340	£ 709	£ 709	£ 2,422	£ 5,700
B00084	02637	Cecil Grove, Manchester	M18 7EW	1	£ 340	£ 340	£ 709	£ 709	£ 1,222	£ 5,700
B00166	02638	Nottingham Units, Nottinghamshire	NG11 8HH	5	£ 1,530	£ 306	£ 3,217	£ 643	£ 20,385	£ 30,600
B00051	02666	8 - 28 York Street, Ramsgate, Kent - FLATS	CT11 9DN	20	£ 5,090	£ 255	£ 6,710	£ 336	£ 85,011	£ 162,000
B00133	02669	Branch Road, Wortley	LS12 5NR	3	£ 960	£ 320	£ 1,970	£ 657	£ 11,209	£ 22,500
B00087	02673	Manor Barn, Otley	LS21 3PA	6	£ 1,590	£ 265	£ 3,246	£ 541	£ 19,301	£ 37,800
2674	02674	Gildersome Church	LS27 7WL	18	£ 4,640	£ 258	£ 6,740	£ 374	£ 56,700	£ 117,900
B00173	02676	Salisbury Chambers, Albert Street, Harrogate	HG1 1JG	13	£ 3,250	£ 250	£ 5,852	£ 450	£ 38,218	£ 106,200
2683	02683	Lower Ashley Road, Highridge Road, Bristol	BS2 9NP	2	£ 650	£ 325	£ 1,291	£ 646	£ 8,163	£ 18,900
B00118	02688	Mount Pleasant Road, Sheffield Rent	S7 1BA	4	£ 1,190	£ 298	£ 2,378	£ 595	£ 13,965	£ 25,200
2689	02689	Westbourne Grove, North Ormesby, Middlesbrough	TS3 6EE	3	£ 910	£ 303	£ 1,618	£ 539	£ 8,500	£ 18,540
A02417	02691	Marie Close, Denton	M34 6EW	13	£ 3,520	£ 271	£ 7,089	£ 545	£ 53,734	£ 84,780
B00084	02694	Manchester Renewal Initiative 1998/99	M18 7ET	1	£ 340	£ 340	£ 716	£ 716	£ 4,191	£ 5,700
B00196	02699	The Aerodrome (Lancaster House) 00/01	TS17 0JY	20	£ 5,510	£ 276	£ 9,334	£ 467	£ 74,385	£ 129,600
B00215	02700	Castle Road, Whitby	YO21 3ND	15	£ 4,160	£ 277	£ 8,434	£ 562	£ 54,383	£ 91,980
B00233	02701	North of A174, Mickle Dales, Redcar 00/01	TS10 2SX	10	£ 2,710	£ 271	£ 4,502	£ 450	£ 35,587	£ 54,000
2703	02703	Buckingham Avenue, Horwich	BL6 6NR	5	£ 1,250	£ 250	£ 2,589	£ 518	£ 21,162	£ 17,880
B00103	02709	Tournament Road, Glenfield, Leicester	LE3 8LR	2	£ 600	£ 300	£ 1,132	£ 566	£ 7,624	£ 11,880
B00003	02712	Rushton Gardens,Nottingham	NG3 3NF	4	£ 1,140	£ 285	£ 2,137	£ 534	£ 13,759	£ 21,600
B00190	02713	Pinks Corner, Iwade (Plots 5,6,7,16,17,34,35)	ME9 8QY	8	£ 2,200	£ 275	£ 4,545	£ 568	£ 35,658	£ 70,800
B00165	02718	Nottingham Units, Nottinghamshire	NG2 2FB	7	£ 2,090	£ 299	£ 4,749	£ 678	£ 27,727	£ 43,980
B00177	02719	Lincoln Abbey Rehabs 00/01	LN2 5AT	8	£ 2,520	£ 315	£ 6,362	£ 795	£ 28,375	£ 51,600
2720	02720	The Sidings, Castle View, Clitheroe	BB7 2DT	8	£ 1,950	£ 244	£ 4,374	£ 547	£ 20,205	£ 39,480
2723	02723	Sandford Mews, Eastbourne	BN23 7NX	14	£ 4,010	£ 286	£ 7,618	£ 544	£ 62,796	£ 131,700
B00256	02731	Norfolk Park, Sheffield	S2 2DA	150	£ 38,260	£ 255	£ 103,014	£ 687	£ 521,757	£ 972,900
B00243	02733	70 Cringle Road, M'cn Build	M19 2RT	3	£ 820	£ 273	£ 1,691	£ 564	£ 16,304	£ 10,800
B00223	02734	North Side of Main Road, Thorngumbald, Hull	HU12 9GA	6	£ 1,760	£ 293	£ 3,853	£ 642	£ 22,636	£ 37,800
2740	02740	Mechanics Institute/Creative Lofts/Employment Living, Hudds	HD1 1DT	21	£ 5,140	£ 245	£ 10,558	£ 503	£ 137,641	£ 154,800
B00239	02741	Homeswitch For Rent 00/01, Bolton	BL3 4EU	2	£ 640	£ 320	£ 1,290	£ 645	£ 7,058	£ 11,400
B00201	02742	Marsh Fold Lane	BL1 4HJ	34	£ 9,510	£ 280	£ 19,571	£ 576	£ 142,736	£ 249,900
B00212	02818	Timpsons Row, Olney	MK46 4JH	10	£ 2,710	£ 271	£ 4,586	£ 459	£ 42,614	£ 87,000
B00312	02822	Holloway Road (HC 2001/02)	N7 8DX	14	£ 3,870	£ 276	£ 9,042	£ 646	£ 71,586	£ 312,000
B00222	02825	Horwich Rehabs 2000/01	BL6 5RB	2	£ 660	£ 330	£ 1,375	£ 688	£ 6,321	£ 12,900
B00140	02835	Rosemount Crescent, Hyde	SK14 4SX	32	£ 8,560	£ 268	£ 18,629	£ 582	£ 115,612	£ 195,060
2838	02838	Berry Hill Close, Southmead, Bristol	BS10 5HU	12	£ 3,060	£ 255	£ 6,501	£ 542	£ 39,602	£ 68,400
B00259	02854	St Andrews Drive, Saxilby	LN1 2GR	14	£ 3,890	£ 278	£ 7,944	£ 567	£ 50,213	£ 96,000
2859	02859	St Augustine's Gate, Waterloo Road, Norwich	NR3 3BE	15	£ 3,820	£ 255	£ 7,871	£ 525	£ 42,904	£ 86,400
B00240	02860	Upperthorpe Phases 3 & 4, 00/01	S6 3DW	18	£ 5,160	£ 287	£ 10,498	£ 583	£ 62,501	£ 101,040
2862	02862	Hartcliffe, Bristol	BS13 0HH	35	£ 9,510	£ 272	£ 21,178	£ 605	£ 141,766	£ 270,900
B00266	02864	Okebourne Road,Phase 2	BS10 6RB	11	£ 3,140	£ 285	£ 6,701	£ 609	£ 46,581	£ 73,800
B00153	02865	Brazley Avenue	BL6 6TH	7	£ 2,050	£ 293	£ 4,245	£ 606	£ 30,738	£ 47,040
B00333	02984	Dawsons Walk, Analby	HU10 6FD	6	£ 1,560	£ 260	£ 3,117	£ 520	£ 19,753	£ 36,000

Places for People Homes Limited
£180,000,000 5.09 per cent Secured Bonds due 2043
(to be consolidated and form a single series with the £200,000,000 5.09 per cent Secured Bonds due 2043 issued on 10 July 2003 (the "Original Bonds")) (the "New Bonds" and, together with the Original Bonds, the "Bonds")
Management and Maintenance Property Details

Asset ID	Scheme Ref	Scheme Name	Post Code	Number of Units	Management per Scheme	Management per Unit	Maintenance per Scheme	Maintenance per Unit	Annual Net Rent	Annual Market Rent
2985	02985	Fewston Waters, Back Lane	HG3 1RP	6	£ 1,660	£ 277	£ 3,083	£ 514	£ 22,341	£ 86,040
2988	02988	Imperial Street, Blackpool	FY1 2HN	7	£ 1,930	£ 276	£ 3,766	£ 538	£ 21,287	£ 41,580
B00408	03003	Chilwell Gardens Keyworker NBH	WD19 6HJ	1	£ 290	£ 290	£ 526	£ 526	£ 7,181	£ 9,600
B00261	03005	Northern Approaches	CO4 5GX	21	£ 5,530	£ 263	£ 10,864	£ 517	£ 96,779	£ 211,860
B00326	03007	Norfolk Park Cat 1 Rents	S2 2NZ	25	£ 6,120	£ 245	£ 10,265	£ 411	£ 85,611	£ 136,500
3008	03008	Guildford View, Norfolk Park, Sheffield	S2 2NZ	40	£ 9,790	£ 245	£ 16,424	£ 411	£ 128,244	£ 218,400
B00279	03016	Bartle Lane, Phase 1, Horton Bank Top	BD7 4PS	30	£ 8,750	£ 292	£ 16,956	£ 565	£ 117,834	£ 250,680
B00446	03017	Chelwood Drive, College Road, Mapperley, Nottingham	NG3 6FD	2	£ 640	£ 320	£ 1,157	£ 579	£ 8,003	£ 13,200
B00389	03020	Main Road, Radcliffe on Trent	NG12 2EQ	6	£ 1,660	£ 277	£ 2,706	£ 451	£ 21,026	£ 36,000
B00299	03030	Wellingborough, Lakes & Shelley Park	NN8 3XA	40	£ 9,790	£ 245	£ 17,892	£ 447	£ 150,741	£ 172,800
B00436	03031	Singleton Hill, Ph 3, Ashford	TN23 5GF	5	£ 1,390	£ 278	£ 2,618	£ 524	£ 25,079	£ 39,000
B00391	03034	Ling Court, Menston, Bradford	LS29 6QJ	13	£ 3,250	£ 250	£ 5,971	£ 459	£ 54,095	£ 86,100
3048	03048	Broughton Atterbury	MK10 9NB	60	£ 15,010	£ 250	£ 30,693	£ 512	£ 276,449	£ 535,800
3052	03052	Beechen Wood, Maple Cross, Hertfordshire	WD3 9TQ	8	£ 2,230	£ 279	£ 4,517	£ 565	£ 35,504	£ 102,000
3074	03074	New School Road, Mosbrough, Sheffield	S20 5ES	9	£ 2,570	£ 286	£ 4,545	£ 505	£ 36,384	£ 65,220
3077	03077	Florence House, Venice Avenue, Watford	WD18 7BU	15	£ 3,820	£ 255	£ 7,191	£ 479	£ 62,786	£ 207,600
3079	03079	Pisa Place, Venice Avenue, Watford	WD18 7BT	10	£ 2,550	£ 255	£ 4,799	£ 480	£ 41,935	£ 139,200
B00424	03080	Turin House, Venice Avenue, Watford	WD18 7BW	7	£ 1,820	£ 260	£ 3,373	£ 482	£ 29,910	£ 99,600
3081	03081	Venice Avenue, Watford	WD18 7BP	8	£ 2,350	£ 294	£ 4,506	£ 563	£ 46,563	£ 160,800
3084	03084	Bovis Phase 2	NP10 8EN	1	£ 330	£ 330	£ 599	£ 599	£ 1,583	£ 8,400
B00479	03097	Balsley Gardens	MK2 2NE	4	£ 1,050	£ 263	£ 1,304	£ 326	£ 14,773	£ 27,420
3114	03114	Kleine Wharf, Orsman Road, Hackney	N1 5QJ	32	£ 7,870	£ 246	£ 10,419	£ 326	£ 156,951	£ 686,400
3135	03135	Church Road, Walker, Newcastle Upon Tyne	NE6 3XF	2	£ 660	£ 330	£ 1,125	£ 563	£ 8,375	£ 16,680
3137	03137	Rowan Close, Desborough, Northants	NN14 2GP	7	£ 2,020	£ 289	£ 3,562	£ 509	£ 27,718	£ 50,700
3149	03149	Bank Top, Blackburn	BB2 1HN	9	£ 2,680	£ 298	£ 5,414	£ 602	£ 38,678	£ 86,400
3164	03164	45/47/49 High Street, Ponders End, Enfield	EN3 4EF	17	£ 4,330	£ 255	£ 7,924	£ 466	£ 79,119	£ 178,500
3167	03167	Scholars Walk, Bargate Road, Belper	DE56 1SH	9	£ 2,500	£ 278	£ 4,774	£ 530	£ 40,904	£ 42,600
3170	03170	Hull, East Yorkshire	HU3 2TG	21	£ 6,350	£ 302	£ 13,643	£ 650	£ 73,876	£ 98,820
3171	03171	Chieftain Way, Stanley Avenue, Cambridge	CB4 2EF	13	£ 3,490	£ 268	£ 6,741	£ 519	£ 53,892	£ 123,000
3173	03173	Chadwick Court, Topper Street, Cambridge	CB4 2DS	12	£ 3,450	£ 288	£ 6,466	£ 539	£ 51,080	£ 119,820
3191	03191	Duke Street, Hucknall, Nottingham	NG15 7HB	3	£ 850	£ 283	£ 1,789	£ 596	£ 6,635	£ 10,620
3192	03192	Hornbeam Court, Langland Road, Netherfield	MK6 4JT	43	£ 10,410	£ 242	£ 22,837	£ 531	£ 230,909	£ 212,400
3194	03194	Bensey Rise, Owsten Court, Horwich, Bolton	BL6 5GU	15	£ 4,310	£ 287	£ 8,033	£ 536	£ 63,001	£ 117,000
3198	03198	Thirlmere Gardens, Evergreen Avenue, Horwich, Bolton	BL6 5GQ	2	£ 640	£ 320	£ 1,231	£ 616	£ 8,800	£ 17,400
3201	03201	Chieftain Way, Cambridge	CB4 2EY	31	£ 7,590	£ 245	£ 14,692	£ 474	£ 105,062	£ 260,820
3203	03203	Talavera Crescent, Lordswood Road, Colchester	CO2 9FD	19	£ 5,080	£ 267	£ 9,657	£ 508	£ 83,854	£ 159,660
3209	03209	Phoenix Court, Black Eagle Drive, Northfleet, Kent	DA11 9AZ	18	£ 4,580	£ 254	£ 8,195	£ 455	£ 74,590	£ 153,600
3213	03213	Walker, Newcastle	NE6 3LF	10	£ 2,940	£ 294	£ 5,428	£ 543	£ 42,903	£ 75,000
3217	03217	Rommany Road, Crosby Walk, Gaywood Close, London	SE27 9PR	3	£ 1,040	£ 347	£ 2,013	£ 671	£ 15,642	£ 54,000
3218	03218	Liebig Court, Widnes Road, Widnes	WA8 6GD	26	£ 6,370	£ 245	£ 13,069	£ 503	£ 75,926	£ 131,400
3340	03340	Eastbourne P & R 1998/99	BN22 8DE	9	£ 2,880	£ 320	£ 7,014	£ 779	£ 38,309	£ 88,800
A11844	11844	F/H HSE Harrogate,145 Skipton Road	HG1 4LJ	2	£ 570	£ 285	£ 985	£ 493	£ 6,914	£ 13,140
A11075	11999	Leeds A13	LS8 5LP	3	£ 950	£ 317	£ 1,928	£ 643	£ 9,755	£ 16,560
A12377	12377	F/H HSE Blyth Star Enterprises	NE24 1DN	3	£ 930	£ 310	£ 1,979	£ 660	£ 8,527	£ 16,200
12455	12455	Disraeli Street, The Close, Blyth	NE24 1JB	2	£ 590	£ 295	£ 1,168	£ 584	£ 5,277	£ 8,700

D 7

Places for People Homes Limited
£180,000,000 5.09 per cent Secured Bonds due 2043
(to be consolidated and form a single series with the £200,000,000 5.09 per cent Secured Bonds due 2043 issued on 10 July 2003 (the "Original Bonds")) (the "New Bonds" and, together with the Original Bonds, the "Bonds")
Management and Maintenance Property Details

Asset ID	Scheme Ref	Scheme Name	Post Code	Number of Units	Management per Scheme	Management per Unit	Maintenance per Scheme	Maintenance per Unit	Annual Net Rent	Annual Market Rent
A02341	12493	68 Chestnut Street, Ashlington	NE63 0BP	1	£ 320	£ 320	£ 669	£ 669	£ 3,068	£ 4,800
12495	12495	28 John Clay Street, South Shields	NE33 4HB	1	£ 300	£ 300	£ 729	£ 729	£ 3,213	£ 4,200
A13070	13999	301 Alice Street, South Shields	NE33 5PJ	1	£ 320	£ 320	£ 626	£ 626	£ 3,115	£ 4,500
14286	14286	Preston New Road, Blackburn	BB2 6BH	6	£ 1,590	£ 265	£ 3,116	£ 519	£ 17,224	£ 25,200
A14289	14289	Haslingden Road, Blackburn	BB2 3HW	6	£ 1,660	£ 277	£ 3,545	£ 591	£ 20,650	£ 21,240
14441	14441	Bute St, Manchester Ph 4	M40 9WL	2	£ 630	£ 315	£ 1,386	£ 693	£ 6,504	£ 10,800
A14622	14749	Birch Street, Vernon Street, Bury	BL9 5AL	2	£ 630	£ 315	£ 1,323	£ 662	£ 6,421	£ 10,800
15498	15498	Chorley Units, Lancashire	PR6 0PS	22	£ 5,830	£ 265	£ 13,053	£ 593	£ 72,687	£ 127,980
A00343	15499	Temperance Street, Chorley	PR6 0SS	1	£ 320	£ 320	£ 614	£ 614	£ 3,314	£ 5,520
A15614	15614	F/H HSE55 Sandown Street, Manchester	M18 8SB	2	£ 570	£ 285	£ 1,229	£ 615	£ 5,218	£ 8,640
15637	15637	Jobling Street, Beswick	M11 3TA	4	£ 1,150	£ 288	£ 1,996	£ 499	£ 13,749	£ 22,800
A15638	15638	F/H HSE Moston/Harpurhey Rehab	M9 5UQ	4	£ 1,320	£ 330	£ 2,755	£ 689	£ 12,737	£ 22,800
17743	15640	4 King Street, Failsworth	M35 0JA	1	£ 320	£ 320	£ 725	£ 725	£ 3,139	£ 5,100
A15644	15644	LLH HSE Cheshire Group Homes	CW12 1HS	7	£ 1,740	£ 249	£ 3,406	£ 487	£ 17,437	£ 23,100
15663	15663	Hulme Units, Manchester	M15 5FP	43	£ 11,760	£ 273	£ 28,347	£ 659	£ 151,439	£ 399,300
15666	15666	Haslingdon Old Road, Rossendale Ph 2	BB4 8SA	27	£ 7,330	£ 271	£ 15,962	£ 591	£ 66,107	£ 174,600
15671	15671	Garstang Road, Fulwood, Preston	PR2 9XB	4	£ 1,000	£ 250	£ 1,843	£ 461	£ 12,183	£ 15,600
15531	15749	Macclesfield 5	SK11 7NP	1	£ 320	£ 320	£ 667	£ 667	£ 3,225	£ 7,140
15751	15751	Lancaster & Carnforth Unimproved Properties	LA1 2DQ	4	£ 1,200	£ 300	£ 2,480	£ 620	£ 12,744	£ 19,560
15861	15861	7 Springfield Street, Lancaster	LA1 4XL	1	£ 330	£ 330	£ 653	£ 653	£ 4,129	£ 8,400
16841	16995	Miles Platting Units, Manchester	M40 7AE	13	£ 4,100	£ 315	£ 9,399	£ 723	£ 36,139	£ 80,100
16997	16997	Manchester Units, Manchester	M9 4FB	1	£ 320	£ 320	£ 656	£ 656	£ 3,210	£ 4,800
16998	16998	Gorton Units, Manchester	M18 7EU	28	£ 8,330	£ 298	£ 21,493	£ 768	£ 88,838	£ 150,000
16760	16999	Manchester Units, Manchester	M13 0GF	9	£ 2,610	£ 290	£ 5,906	£ 656	£ 25,674	£ 50,400
17254	17254	Dairy Street, Chatterton, Oldham	OL9 9HA	4	£ 1,000	£ 250	£ 2,066	£ 517	£ 15,641	£ 14,400
17459	17459	Sharoe Green Lane, Fulwood, Preston	PR2 8EE	2	£ 570	£ 285	£ 1,232	£ 616	£ 5,263	£ 7,800
17499	17499	Oldham Units, Greater Manchester	OL4 1LG	6	£ 1,850	£ 308	£ 4,104	£ 684	£ 18,385	£ 28,440
17998	17998	Preston Units, Lancashire	PR2 5SE	2	£ 670	£ 335	£ 1,308	£ 654	£ 6,558	£ 14,952
17412	17999	Henderson Street, Waterloo Terrace, Preston	PR1 7XP	2	£ 630	£ 315	£ 1,302	£ 651	£ 5,979	£ 10,800
18483	18483	De Lacy Way, Winterton, Scunthorpe	DN15 9XX	6	£ 1,660	£ 277	£ 3,443	£ 574	£ 17,579	£ 20,520
18485	18485	Keighley Units, West Yorkshire	BD21 4DS	4	£ 1,190	£ 298	£ 2,356	£ 589	£ 12,270	£ 21,600
19154	19154	Darlington Units, Darlington	DL1 1SF	5	£ 1,570	£ 314	£ 3,141	£ 628	£ 17,543	£ 27,900
19203	19203	Edinburgh / Somerset Street	HU3 3QG	7	£ 1,820	£ 260	£ 4,164	£ 595	£ 23,194	£ 32,100
19317	19317	Venice Street, Daubhill, Bolton	BL3 4AE	1	£ 310	£ 310	£ 876	£ 876	£ 3,845	£ 5,700
19319	19319	Collyhurst, Phase 2	M40 7UT	16	£ 4,330	£ 271	£ 9,135	£ 571	£ 51,301	£ 103,860
19327	19327	Greenheys Lane West, Hulme	M15 5AF	30	£ 7,430	£ 248	£ 16,391	£ 546	£ 99,552	£ 188,700
19334	19334	Manchester Units, Manchester	M15 4JF	55	£ 13,260	£ 241	£ 32,431	£ 590	£ 175,980	£ 375,240
19531	19531	Cromwell Road, Phase 1 & 2, Blackpool	FY1 2RG	51	£ 12,380	£ 243	£ 29,747	£ 583	£ 162,903	£ 268,800
19655	19655	Bushy Park, Bristol	BS4 2EG	21	£ 5,490	£ 261	£ 12,966	£ 617	£ 80,570	£ 156,000
19722	19722	Wokingham & Woodley Units, Berkshire	RG40 1SU	3	£ 960	£ 320	£ 1,923	£ 641	£ 15,854	£ 30,300
20012	20012	St Johns Court, Goole	DN14 6BQ	2	£ 620	£ 310	£ 1,293	£ 647	£ 4,905	£ 11,040
20291	20291	Bransholme Units, Hull	HU7 5BH	3	£ 960	£ 320	£ 2,281	£ 760	£ 10,848	£ 16,200
A02299	20305	Hattenure Choice Props Hull	HU6 8AP	8	£ 2,440	£ 305	£ 5,473	£ 684	£ 26,251	£ 36,600
20310	20310	Green Close, North Hull Estate, Hull	HU6 8DA	14	£ 3,790	£ 271	£ 8,680	£ 620	£ 49,600	£ 63,000
20313	20313	Collum Gardens, Scunthorpe	DN16 2SY	3	£ 820	£ 273	£ 1,561	£ 520	£ 7,477	£ 7,200

Places for People Homes Limited
£180,000,000 5.09 per cent Secured Bonds due 2043
(to be consolidated and form a single series with the £200,000,000 5.09 per cent Secured Bonds due 2043 issued on 10 July 2003 (the "Original Bonds")) (the "New Bonds" and, together with the Original Bonds, the "Bonds")
Management and Maintenance Property Details

Asset ID	Scheme Ref	Scheme Name	Post Code	Number of Units	Management per Scheme	Management per Unit	Maintenance per Scheme	Maintenance per Unit	Annual Net Rent	Annual Market Rent
20647	20647	Broomhall Units, Sheffield	S3 7XB	10	£ 2,550	£ 255	£ 5,677	£ 568	£ 38,627	£ 60,600
20651	20651	Marigold Close, Windmill Lane, Sheffield	S5 6FA	20	£ 5,680	£ 284	£ 13,268	£ 663	£ 151,622	£ 113,520
20662	20662	College Close, College Court, Sheffield	S4 7FL	2	£ 640	£ 320	£ 1,401	£ 701	£ 8,193	£ 10,200
20730	20730	51 Newmarch Street, Sheffield	S9 1ST	1	£ 310	£ 310	£ 517	£ 517	£ 2,768	£ 3,540
21711	21711	Flakefleet, Phase 3(a), Fleetwood	FY7 7GA	35	£ 9,450	£ 270	£ 20,971	£ 599	£ 129,875	£ 239,220
21804	21804	Mill Croft, Astley Village, Chorley	PR7 1TJ	1	£ 290	£ 290	£ 446	£ 446	£ 3,253	£ 5,400
21806	21806	284 Sharoe Green Lane, Preston	PR2 9HD	4	£ 1,120	£ 280	£ 2,463	£ 616	£ 11,783	£ 15,600
A01231	22050	Weston Super Mare and Bristol Units	BA2 2TW	7	£ 2,030	£ 290	£ 4,283	£ 612	£ 38,679	£ 55,800
22053	22053	Market Street, Carnforth, Lancashire	LA5 9JX	2	£ 590	£ 295	£ 1,325	£ 663	£ 8,250	£ 12,000
A02338	22099	51 Mitchell Street, Birtley, Chester Le Street	DH3 1EQ	1	£ 320	£ 320	£ 616	£ 616	£ 3,574	£ 4,800
22101	22101	54 Bradley Road, Prudhoe	NE42 5EQ	1	£ 330	£ 330	£ 651	£ 651	£ 3,702	£ 6,300
A02341	22103	45 Winship Street, Blyth	NE24 4NH	1	£ 340	£ 340	£ 676	£ 676	£ 3,658	£ 5,400
22123	22123	620 Hyde Road, Manchester	M18 7EE	1	£ 300	£ 300	£ 634	£ 634	£ 2,984	£ 3,600
23036	23036	Hulme Units, Manchester	M15 5AW	104	£ 25,740	£ 248	£ 63,531	£ 611	£ 343,909	£ 853,200
24023	24023	Chanel Street, Eastwood	NG16 3JL	24	£ 5,880	£ 245	£ 12,957	£ 540	£ 73,545	£ 110,880
B00102	24025	Lincoln Units, Lincolnshire	LN2 5AS	17	£ 5,240	£ 308	£ 11,489	£ 676	£ 60,133	£ 109,200
A24075	24030	Queensway, Grantham	NG31 9QB	1	£ 330	£ 330	£ 652	£ 652	£ 3,499	£ 6,900
24055	24055	Hermitage Road, Loughborough	LE11 4PF	1	£ 330	£ 330	£ 613	£ 613	£ 4,016	£ 6,000
24110	24110	St Andrews Crescent, Wellingborough	NN8 2EU	2	£ 540	£ 270	£ 1,054	£ 527	£ 5,706	£ 11,880
40209	40209	Adamson Court, Hillgrounds Road, Kempston, Bedford	MK42 8QT	95	£ 22,000	£ 232	£ 36,692	£ 386	£ 316,877	£ 471,000
40214	40214	Chapter House, Coffee Hall, Milton Keynes	MK6 5EE	52	£ 12,300	£ 237	£ 23,328	£ 449	£ 183,797	£ 390,180
40215	40215	Quarter Croft, Pyramid St, Northampton	NN3 8DP	92	£ 21,110	£ 229	£ 38,086	£ 414	£ 256,947	£ 522,600
40291	40279	Octavia Close, Radlett Road, Watford, Phase 2	WD24 4UF	85	£ 19,400	£ 228	£ 41,808	£ 492	£ 298,637	£ 654,480
40406	40406	Beaver - Rented	TW4 7NP	448	£ 110,880	£ 248	£ 241,109	£ 538	£ 1,899,368	£ 5,073,900
40410	40410	Elm Village Ph 2, London	NW1 0QY	12	£ 3,060	£ 255	£ 4,834	£ 403	£ 54,200	£ 153,600
40406	40417	Beaver - Rented	TW4 7NP	70	£ 16,690	£ 238	£ 36,248	£ 518	£ 366,535	£ 699,900
40526	40526	Albany Court, Stantonbury, Milton Keynes	MK14 6DN	6	£ 1,540	£ 257	£ 3,748	£ 625	£ 18,893	£ 35,820
B00128	40530	Ardwell Lane, Greenleys, Milton Keynes	MK12 6AX	22	£ 5,380	£ 245	£ 9,459	£ 430	£ 77,739	£ 134,700
40904	40904	Totterdown Ph 1, Bristol	BS4 3TB	5	£ 1,250	£ 250	£ 1,922	£ 384	£ 15,348	£ 28,500
40905	40905	Angers Road, Totterdown, Bristol	BS4 3AF	5	£ 1,250	£ 250	£ 1,922	£ 384	£ 14,939	£ 28,500
40906	40906	Totterdown Ph 2, Bristol	BS4 3TB	5	£ 1,250	£ 250	£ 1,922	£ 384	£ 14,635	£ 28,500
41106	41106	Beaver - Britnor 1	TW4 7NP	23	£ 5,630	£ 245	£ 11,715	£ 509	£ 82,395	£ 217,800
41206	41206	Beaver - Britnor 2	TW4 7NX	26	£ 6,370	£ 245	£ 13,219	£ 508	£ 93,308	£ 244,800
41406	41406	Borehamwood Units, Hertfordshire	WD6 5QR	10	£ 2,550	£ 255	£ 5,053	£ 505	£ 47,472	£ 92,400
60320	60320	Napier Street, Oldham - Britnor	OL2 7UN	55	£ 13,410	£ 244	£ 20,855	£ 379	£ 298,228	£ 714,000
69001	69001	Palatine Avenue, Lancaster - Britnor	OL2 7UN	35	£ 9,520	£ 272	£ 24,411	£ 697	£ 137,401	£ 223,140
69002	69002	Cavendish Court, Broomhall, Sheffield - Britnor	S3 7XG	6	£ 1,560	£ 260	£ 3,734	£ 622	£ 19,538	£ 38,100
69013	69013	12 Haworth Avenue, Rossendale - Britnor	S3 7XG	46	£ 11,260	£ 245	£ 26,213	£ 570	£ 151,158	£ 278,280
69101	69101	Hackney Units, Hackney	BB4 8SS	1	£ 300	£ 300	£ 664	£ 664	£ 4,500	£ 6,900
69102	69102	Britnor Units, Chorley	E8 4NE	8	£ 2,170	£ 271	£ 4,975	£ 622	£ 58,868	£ 100,800
69104	69104	Britnor Units, Chorley	PR6 0SJ	1	£ 340	£ 340	£ 755	£ 755	£ 6,938	£ -
69105	69105	Britnor Units, Wellingborough	NN5 5PQ	2	£ 590	£ 295	£ 1,011	£ 506	£ 8,152	£ 12,000
69106	69106	Britnor Units, Preston	PR2 1BE	3	£ 990	£ 330	£ 2,098	£ 699	£ 15,661	£ 17,640
69107	69107	Britnor Mortgage Rescue	NN10 9LW	1	£ 330	£ 330	£ 585	£ 585	£ 5,502	£ 8,400
69108	69108	Britnor Mortgage Rescue	BD17 5HZ	4	£ 1,170	£ 293	£ 2,357	£ 589	£ 16,613	£ 18,840

Places for People Homes Limited
£180,000,000 5.09 per cent Secured Bonds due 2043
(to be consolidated and form a single series with the £200,000,000 5.09 per cent Secured Bonds due 2043 issued on 10 July 2003 (the "Original Bonds")) (the "New Bonds" and, together with the Original Bonds, the "Bonds")
Management and Maintenance Property Details

Asset ID	Scheme Ref	Scheme Name	Post Code	Number of Units	Management per Scheme	Management per Unit	Maintenance per Scheme	Maintenance per Unit	Annual Net Rent	Annual Market Rent
69109	69109	Britnor Mortgage Rescue	LS28 7QN	1	£ 330	£ 330	£ 580	£ 580	£ 9,110	£ 9,000
69111	69111	Britnor Mortgage Rescue	NE24 2TD	2	£ 640	£ 320	£ 1,489	£ 745	£ 10,016	£ 11,700
69112	69112	Britnor Mortgage Rescue	LA2 6AZ	3	£ 950	£ 317	£ 2,030	£ 677	£ 19,401	£ 21,300
69116	69116	Britnor Mortgage Rescue	LE10 0EA	12	£ 3,750	£ 313	£ 9,800	£ 817	£ 62,034	£ 80,700
69117	69117	Britnor Mortgage Rescue	DN14 6UU	1	£ 310	£ 310	£ 593	£ 593	£ 8,002	£ 6,900
69118	69118	Britnor Mortgage Rescue	BL2 6DT	2	£ 650	£ 325	£ 1,542	£ 771	£ 7,124	£ 10,500
11018	69120	Britnor Mortgage Rescue	LS8 5LT	1	£ 320	£ 320	£ 626	£ 626	£ 3,174	£ 5,700
69121	69121	Britnor Mortgage Rescue	BN1 8TJ	1	£ 320	£ 320	£ 658	£ 658	£ 7,019	£ 9,600
69122	69122	Britnor Mortgage Rescue	CW10 0NJ	4	£ 1,270	£ 318	£ 2,624	£ 656	£ 24,096	£ 26,700
69124	69124	Britnor Mortgage Rescue	HA8 0BA	1	£ 340	£ 340	£ 765	£ 765	£ 7,611	£ 18,000
69126	69126	Britnor Mortgage Rescue	SL6 5HB	1	£ 310	£ 310	£ 581	£ 581	£ 7,849	£ 9,600
69128	69128	Britnor Mortgage Rescue	TS10 3PG	4	£ 1,300	£ 325	£ 2,694	£ 674	£ 21,267	£ 25,800
69129	69129	Britnor Mortgage Rescue	PR25 1YL	2	£ 630	£ 315	£ 1,307	£ 654	£ 10,630	£ 13,800
69130	69130	Elelbrook Avenue, Bradwell Common, Milton Keynes	MK13 8DZ	1	£ 290	£ 290	£ 436	£ 436	£ 3,138	£ 6,600
69131	69131	Britnor Mortgage Rescue	S6 6SS	1	£ 330	£ 330	£ 824	£ 824	£ 5,396	£ 6,060
69134	69134	Britnor Mortgage Rescue	M44 6NJ	2	£ 620	£ 310	£ 1,154	£ 577	£ 13,669	£ 14,400
69135	69135	Tyne and Wear Units, Tyne and Wear	NE10 9QY	3	£ 970	£ 323	£ 1,978	£ 659	£ 11,036	£ 19,380
69137	69137	Woodford Walk, Thornaby	TS17 0LT	1	£ 330	£ 330	£ 608	£ 608	£ 3,334	£ 6,180
69140	69140	Britnor Mortgage Rescue	HD6 2EA	1	£ 310	£ 310	£ 673	£ 673	£ 6,454	£ 5,400
69141	69141	Grenfel Avenue, High Wycombe	HP12 3JS	1	£ 300	£ 300	£ 776	£ 776	£ 6,981	£ 13,200
69143	69143	Britnor Mortgage Rescue	SW1V 2QP	1	£ 290	£ 290	£ 604	£ 604	£ 7,873	£ 18,000
69222	69222	78 Wentworth Avenue, Slough	SL2 2DH	1	£ 290	£ 290	£ 551	£ 551	£ 5,013	£ 7,800
2988	ININ1	4 Imperial Street, Blackpool	FY1 2HN	1	£ 290	£ 290	£ 537	£ 537	£ 3,035	£ 5,940
		Eight Acre Lane, Colchester	CO2 9LR	4	£ 1,230	£ 308	£ 2,297	£ 574	£ 16,888	£ 40,800
		Totals		4065	£ 1,060,800		£ 2,242,786		£ 15,470,633	£ 31,231,944
		Average Unit Value				£ 261		£ 552		

UNITED KINGDOM TAXATION

The following applies only to persons who are the beneficial owners of New Bonds and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective holders of the New Bonds (the New Bondholders) depends on their individual circumstances and may be subject to change in the future. Prospective New Bondholders may be subject to tax in a jurisdiction other than the United Kingdom.

This is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the New Bonds. Prospective purchasers of the New Bonds should seek their own professional advice concerning the tax consequences of their particular situations.

A. Interest on the New Bonds

1. *Payment of interest on the New Bonds*

Payments of interest by the Issuer on the New Bonds may be made without deduction of or withholding on account of United Kingdom income tax provided that the New Bonds continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the **Act**). The London Stock Exchange is a recognised stock exchange. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange. Provided, therefore, that the New Bonds remain so listed, interest on the New Bonds will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the New Bonds may also be paid without withholding or deduction on account of United Kingdom tax where interest on the New Bonds is paid by a company and, at the time the payment is made, the company which makes the payment reasonably believes that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HM Revenue & Customs has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount must generally be withheld from payments of interest on the New Bonds on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a New Bondholder, HM Revenue & Customs can issue a notice to the Issuer to pay interest to the New Bondholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

New Bondholders may wish to note that, in certain circumstances, HM Revenue & Customs has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a New Bondholder. Information so obtained may, in certain circumstances, be exchanged by HM Revenue & Customs with the tax authorities of the jurisdiction in which the New Bondholder is resident for tax purposes.

2. *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments at rates rising over time to 35 per cent. (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts to the holder of the New Bonds or to otherwise compensate the holder of the New Bonds for the reduction in the amounts that they will receive as a result of the imposition of such withholding tax.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

3. *Further United Kingdom Income Tax Issues*

Interest on the New Bonds constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a New Bondholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that New Bondholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the New Bonds are attributable (and where that New Bondholder is a company, unless that New Bondholder carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the New Bonds are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such New Bondholders.

B. United Kingdom Corporation Tax Payers

4. In general, New Bondholders which are within the charge to United Kingdom corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the New Bonds (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

C. Other United Kingdom Tax Payers

5. *Taxation of Chargeable Gains*

The New Bonds will constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a New Bondholder of a New Bond will not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains.

6. *Accrued Income Scheme*

On a disposal of New Bonds by a New Bondholder, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules of the accrued income scheme as set out in Part 12 of the Act, if that New Bondholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the New Bonds are attributable.

D. Taxpayers who are not resident in the United Kingdom

7. A body corporate that is neither resident in the United Kingdom nor carrying on a trade in the United Kingdom through a permanent establishment, will not be liable for United Kingdom corporation tax on profits, gains and losses on, or in fluctuations in the value of, the New Bonds. Other holders of the New Bonds who are neither resident or ordinarily resident for tax purposes in the United Kingdom and who do not carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the New Bonds are attributable will not be liable to United Kingdom tax on chargable gains realised on, or profits arising on the disposal of, their New Bonds.

E. Stamp Duty and Stamp Duty Reserve Tax (SDRT)

8. No United Kingdom stamp duty or SDRT is payable on the issue of the New Bonds or on a transfer by delivery of the New Bonds.

SUBSCRIPTION AND SALE

Royal Bank of Canada Europe Limited (the **Dealer**) has, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 5 January 2009, agreed to subscribe or procure subscribers for the New Bonds at the issue price of 82.303 per cent. of the principal amount of the New Bonds, less a combined management and underwriting commission of 0.3472 per cent. of the principal amount of the New Bonds. The Issuer will also reimburse the Dealer in respect of certain of its expenses, and has agreed to indemnify the Dealer against certain liabilities, incurred in connection with the issue of the New Bonds. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

United States

The New Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The New Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The Dealer has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the New Bonds (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any New Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the New Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of New Bonds within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Terms used above have the meanings given to them by Regulation S and the Securities Act.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), the Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of New Bonds which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant Member State other than:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of New Bonds shall require the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of New Bonds to the public** in relation to any New Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the New Bonds to be offered so as to enable an investor to decide to purchase or subscribe the New Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

The Dealer has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any New Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the New Bonds in, from or otherwise involving the United Kingdom.

Canada

The New Bonds will not be qualified for sale under the securities laws of any province or territory of Canada. The Dealer has represented and agreed that it has not offered, sold or distributed and will not offer, sell or distribute any New Bonds, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with applicable securities laws. The Dealer has also represented and agreed that it has not and will not distribute or deliver the Offering Circular, or any other offering material in connection with any offering of New Bonds in Canada, other than in compliance with applicable securities laws.

General

The Dealer has agreed that it will, to the best of its knowledge and belief, comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers New Bonds or possesses or distributes this Offering Circular and will obtain any consent, approval or permission which is required by it for the purchase, offer, sale or delivery by it of New Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor the Trustee shall have any responsibility therefor.

None of the Issuer, the Trustee and the Dealer represents that New Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The issue of the New Bonds was duly authorised by a resolution of the Board of Management of the Issuer dated 10 November 2005, a resolution of the Loans Sub-Committee of the Issuer dated 17 September 2008 and a resolution of the Strategic Finance Committee of the Issuer dated 2 January 2009.

Listing

It is expected that official listing will be granted on or about 7 January 2009 subject only to the issue of the Temporary Global Bond. Application has been made to the UK Listing Authority for the New Bonds to be admitted to the Official List and to the London Stock Exchange for such New Bonds to be admitted to trading on the London Stock Exchange's regulated market.

The Original Bonds are currently admitted to the Official List and the admitted to trading on the London Stock Exchange's regulated market.

The Issuer estimates that the total expenses related to the offer of the New Bonds will be £900,000.

Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:

(a) the constitutional documents of the Issuer;

(b) the audited financial statements of the Issuer in respect of the financial years ended 31 March 2007 and 31 March 2008, in each case together with the audit reports prepared in connection therewith. The Issuer currently prepares audited accounts on an annual basis;

(c) the most recently published audited annual financial statements (if any) of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer, in each case together with any audit or review reports prepared in connection therewith;

(d) the Trust Deed and the Paying Agency Agreement;

(e) the DTZ Report;

(f) a copy of this Offering Circular; and

(g) any future offering circulars, prospectuses, information memoranda and supplements to this Offering Circular and any other documents incorporated herein or therein by reference.

Clearing Systems

The New Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The temporary ISIN for this issue is XS0406590561 and the temporary Common Code is 040659056. The ISIN for the Original Bonds is XS0171888109 and the Common Code is 017188810. The New Bonds will be consolidated and form a single series with the Original Bonds on issue and will have the same ISIN and Common Code as the Original Bonds from 16 February 2009.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Material Change

There has been no material adverse change in the financial position or prospects of the Issuer since 31 March 2008.

Litigation

The Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

Auditors

The auditors of the Issuer are KPMG LLP, chartered accountants, who have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in the United Kingdom for each of the two financial years ended on 31 March 2007 and 31 March 2008. The auditors of the Issuer have no material interest in the Issuer.

The reports of the auditors of the Issuer in respect of the Issuer's audited financial statements for the financial years ended 31 March 2007 and 31 March 2008 are incorporated by reference in this Offering Circular with the consent of the auditors.

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to this issue of the New Bonds.

Dealers transacting with the Issuer

The Dealer and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

Yield

Indication of the yield on the New Bonds: 6.968 per cent. The yield is calculated at the Closing Date on the basis of the Issue Price. It is not an indication of future yield.

THE ISSUER

Places for People Homes Limited
4 The Pavilions
Port Way
Preston PR2 2YB

TRUSTEE

Prudential Trustee Company Limited
Laurence Pountney Hill
London EC4R 0HH

PRINCIPAL PAYING AGENT

The Bank of New York Mellon,
acting through its London Branch
One Canada Square
London E14 5AL

LEGAL ADVISERS

To the Issuer as to English law
DLA Piper UK LLP
3 Noble Street
London EC2V 7EE

To the Dealer and the Trustee as to English law
Allen & Overy LLP
One Bishops Square
London E1 6AD

AUDITORS

To the Issuer
KPMG LLP
St James' Square
Manchester M2 6DS

DEALER

Royal Bank of Canada Europe Limited
71 Queen Victoria Street
London EC4V 4DE