

BASE PROSPECTUS DATED 13 OCTOBER 2008

CIRCLE ANGLIA SOCIAL HOUSING PLC

£1,500,000,000 Note Programme (the “Programme”)

Under the Programme, Circle Anglia Social Housing Plc (the “**Issuer**”) may from time to time issue notes (the “**Notes**” and each a “**Note**”) denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed £1,500,000,000 (or its equivalent in other currencies), subject to increase as described herein.

Source of Payment

The proceeds of the Notes of a Series will be advanced by the Issuer to Circle Anglia Treasury Limited (the “**Group Borrower**”) under a Loan Facility Agreement in relation to such Series, which will in turn on-lend such funds to certain borrowers (each a “**Borrower**”) under an On-Loan Agreement made between the Group Borrower and the relevant Borrowers. Each of the Borrowers will guarantee the obligations of the Group Borrower to the Issuer under each Loan Facility Agreement pursuant to a deed of guarantee dated 24 May 2007 (the “**Deed of Guarantee**”). The Borrowers will create security over certain housing properties used for social housing accommodation (the “**Charged Properties**”) to secure the obligations of the Borrowers under the Deed of Guarantee. The Group Borrower will also grant security over its rights under each On-Loan Agreement by way of a security deed dated 24 May 2007 (the “**Group Borrower Security Deed**”).

Admission to Listing and to Trading

This **Base Prospectus** has been approved by the Irish Financial Services Regulatory Authority (the “**Financial Regulator**”), as competent authority under Directive 2003/71/EC (the “**Prospectus Directive**”). The Financial Regulator only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange Limited (“**Irish Stock Exchange**”), for each Series of Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List of the Irish Stock Exchange (the “**Official List**”) and trading on its regulated market. Notes may be listed or admitted to trading, as the case may be, on such other stock exchange(s) or market(s) as may be specified in the relevant Final Terms. The relevant Final Terms will specify whether or not Notes will be listed on the Irish Stock Exchange. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. References in this Base Prospectus to Notes being listed in Ireland (and all related references) shall mean that such Notes have been admitted to trading on the Irish Stock Exchange’s regulated market and have been listed on the Irish Stock Exchange. The Irish Stock Exchange’s regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (“**Directive 2004/39/EC**”). Approval of the Financial Regulator relates only to secured Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purpose of Directive 2004/39/EC or which are to be offered to the public in any member state of the European Economic Area.

Obligations of Issuer only

The Notes will be obligations of the Issuer only and will not be obligations or responsibilities of, or guaranteed by, any of the other Transaction Parties or any Account Chorgor.

Risk Factors

A discussion of certain factors which should be considered in connection with an investment in the Notes is set out in the section entitled “Risk Factors”.

Arrangers and Dealers

RBC Capital Markets

TradeRisks Limited

Responsibility Statement

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. The Issuer accepts responsibility for the information contained in this Base Prospectus (save for the information in the section "*Description of the Circle Anglia Group*"). To the best of the knowledge of the Issuer, which has taken all reasonable care to ensure that such is the case, the information given in this Base Prospectus (save for the information in the section "*Description of the Circle Anglia Group*") is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus should be read and construed together with any amendments or supplements hereto, including any relevant Supplement and, in relation to any Series which is the subject of Final Terms, should be read and construed together with the relevant Final Terms.

Subject as provided in the relevant Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the relevant Final Terms as the relevant Dealer(s) and the Issuer.

The Issuer has confirmed, in relation to this Base Prospectus, and will confirm, on each Series Closing Date, to the Dealers that: (i) this Base Prospectus (including, for this purpose any relevant Supplement and any relevant Final Terms) contains all information which is (in the context of the Programme and the issue, offering and sale of the Notes) material; (ii) such information is true and accurate in all material respects and not misleading in any material respect; (iii) any opinions, predictions and intentions expressed in this Base Prospectus (including, for this purpose any relevant Supplement and any relevant Final Terms) are honestly held or made and are not misleading in any material respect; (iv) this Base Prospectus (including, for this purpose any relevant Supplement and any relevant Final Terms) does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme and the issue, offering and sale of the Notes) not misleading in any material respect; and (v) all proper enquiries have been made by or on behalf of the Issuer to ascertain and to verify the foregoing.

Each of Circle Anglia Treasury Limited, Circle Thirty Three Housing Trust Limited, South Anglia Housing Limited, Wherry Housing Association Limited, Old Ford Housing Association, Mole Valley Housing Association Limited and Roddons Housing Association Limited accepts responsibility for the information contained in the section "*Description of the Circle Anglia Group*" relating to it and, to the best of its knowledge, having taken all reasonable care to ensure that such is the case, the information relating to it is in accordance with the facts and does not omit anything likely to affect the import of such information. Circle Anglia Limited accepts responsibility for the information contained in the section "*Description of the Circle Anglia Group*" in relation to the Circle Anglia Group as a whole for which neither the Group Borrower nor any of the Guarantors take responsibility 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.

Representations about the Notes

No person has been authorised by the Issuer, the Note Trustee, the Arrangers, the Borrowers or the Dealers to give any information or to make any representations, other than those contained in this Base Prospectus, the relevant Supplement, or any other document entered into in relation to the Programme and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Note Trustee, the Arrangers, the Borrowers or the Dealers.

No representation or warranty is made or implied by the Note Trustee, the Arrangers or by the Dealers or any of their respective affiliates, and neither the Note Trustee, the Arrangers nor the Dealers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus, any Supplement or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Selling Restrictions summary

Neither this Base Prospectus, any Supplement nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and the same should not be considered as a recommendation by the Issuer, the Note Trustee, the Arrangers, the Borrowers, the Dealers or any of them that any recipient of this Base Prospectus, any Supplement or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus, any Supplement or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the assets securing the Notes.

The distribution of this Base Prospectus, any Supplement and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus, any Supplement or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Notes and on distribution of this Base Prospectus, any Supplement or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes 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 United States tax law requirements. The Notes are being offered outside the United States by the Dealer(s) in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Currency

In this Base Prospectus, unless otherwise specified, references to "£", "**GBP**" or "**Sterling**" are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland and references to "€", "**Euro**" or "**EUR**" are to the lawful currency of member states of the European Union that adopt the single currency in accordance with the Treaty and references to "**U.S. dollars**" or "**USD**" are to the lawful currency for the time being of the United States of America.

Stabilisation

In connection with the issue of any Series of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the relevant Final Terms (the "Stabilising Manager") may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Series of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Series of Notes and 60 days after the date of the allotment of the relevant Series of Notes. Any stabilisation action or over-allotment shall be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of the relevant Stabilising Manager(s)) in accordance with all applicable laws and rules.

Interpretation

Unless otherwise indicated in this Base Prospectus or the context requires otherwise, capitalised terms used in this Base Prospectus have the meanings set out in Condition 2.1 (see "*Terms and Conditions of the Notes*"). A list of other defined terms used in this Base Prospectus appears in "*Certain Definitions*" below. An index of all the defined terms used in this Base Prospectus appears in "*Index of Defined Terms*" below.

CONTENTS

Overview of the Programme	5
Structure Diagram of Transaction.....	12
Risk Factors	13
Form of the Notes and Summary of Provisions relating to the Notes while in Global Form	18
Terms and Conditions of the Notes	21
Form of Final Terms	50
Use of Proceeds.....	59
Principal Features of a Loan Facility.....	60
Description of the Deed of Guarantee and Underlying Security	74
Description of the Issuer.....	87
Description of the Circle Anglia Group.....	89
Taxation.....	106
Subscription and Sale	108
General Information.....	111
Certain Definitions.....	113
Report of the Management Board and Consolidated Financial Statements of the Circle Anglia Group	F-1
Index of Defined Terms.....	125

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Series of Notes, the relevant Final Terms or the relevant Supplement, as the case may be. The Issuer and any relevant Dealer(s) may agree that Notes shall be issued in a form other than that contemplated in the Conditions, in which event, in the case of listed Notes only and if appropriate, a Supplement will be published.

Issuer:	Circle Anglia Social Housing Plc.
The Programme Amount:	£1,500,000,000 (and for this purpose Notes denominated in any currency other than Sterling shall be converted into Sterling at the date of the relevant agreement to issue any Series of Notes). The Issuer may increase the amount of the Programme at any time in accordance with the relevant provisions of the Note Trust Deed.
The Programme:	<p>This note issuance programme is intended to raise finance for certain members of the Circle Anglia Group through the issuance of Notes by the Issuer.</p> <p>The sole purpose of the Issuer will be to issue the Notes and on-lend the proceeds to the Group Borrower which will in turn on-lend such funds to any of the relevant Borrowers under the On-Loan Agreement made between the Group Borrower and the Borrowers. The relevant Borrowers will use the proceeds of such on-lending for any purpose consistent with such Borrowers' status as a registered social landlord.</p> <p>Each of the Borrowers will act as a Guarantor under the Deed of Guarantee pursuant to which the Guarantors will jointly and severally on an unlimited basis guarantee the performance of the obligations of the Group Borrower under each Loan Facility Agreement.</p>
Group Borrower:	Circle Anglia Treasury Limited.
Borrowers:	Circle Thirty Three Housing Trust Limited ("Circle 33"), South Anglia Housing Limited ("South Anglia"), Wherry Housing Association Limited ("Wherry"), Old Ford Housing Association ("Old Ford"), Roddons Housing Association Limited ("Roddons") and Mole Valley Housing Association Limited ("Mole Valley") and/or any other Borrower as identified as such in any Supplement.
Guarantors:	Circle 33, South Anglia, Wherry, Old Ford, Roddons and Mole Valley and/or any other Guarantor as identified as such in any Supplement.
Security Trustee:	Prudential Trustee Company Limited as security holder for the Issuer in respect of the security created by each Borrower under the Security Documents.
Note Trustee:	BNY Corporate Trustee Services Limited as note trustee for the Noteholders and the other Series Secured Creditors in relation to each Series of Notes in accordance with the terms of the Note Trust Deed and the Note Security Deed.
Series Secured Creditors:	The Series Secured Creditors in relation to the Notes will include the Note Trustee, any Receiver or any other appointee of the Note Trustee, the Accounts Bank, the Agent Bank, the Paying Agent(s), any Swap Counterparties, any Dealers in relation to that Series and the Noteholders and all other secured creditors of the Issuer in relation to such Series of Notes as specified in the relevant Supplement or the relevant Final Terms.

Accounts Bank, Agent Bank, Principal Paying Agent and Paying Agent:	The Bank of New York Mellon, acting through its London branch.
Listing Agent	The Bank of New York Mellon
Dealers and Arrangers:	Royal Bank of Canada Europe Limited and TradeRisks Limited.
Note Currency:	The Notes of each Series may be issued in Sterling, Euros or U.S. dollars or in such other currency as specified in the relevant Supplement or relevant Final Terms for such Series.
Note Rate:	The Notes will bear interest at the Note Rate, which may be a fixed rate or a floating rate, set out in the relevant Supplement or relevant Final Terms for that Series.
Note Payment Dates:	Subject as set out below, interest will be payable on the Notes of each Series on each Note Payment Date (as set out in the relevant Supplement or the relevant Final Terms) which will correspond to the relevant Payment Dates under the Loan Facility Agreement in relation to such Series.
Underlying Security:	<p>Each Borrower will grant security in favour of the Security Trustee to secure its obligations under the Deed of Guarantee. The Security Trustee will hold such security for the benefit of the Issuer in accordance with the Security Trust Deed. It is intended that the Underlying Security will be over certain Charged Properties used for social housing accommodation by any of the Borrowers and over certain bank accounts held by the Borrowers.</p> <p>Any additional Underlying Security for further Series will be specified in the relevant Supplement or the relevant Final Terms, as the case may be.</p>
Series Security:	<p>As security for the payment or discharge of the Issuer Secured Obligations in relation to a Series, the Issuer will create in favour of the Note Trustee, in accordance with the terms of the Note Security Deed, the following security interests (the “Series Security”):</p> <ul style="list-style-type: none">(a) an absolute assignment of its rights under the Deed of Guarantee in respect of the Loan Facility relating to such Series;(b) an absolute assignment of its rights under the Security Trust Deed in respect of the Loan Facility relating to such Series;(c) an absolute assignment of its rights under the Loan Facility Agreement in relation to such Series;(d) an absolute assignment of the Transaction Account in relation to such Series and any other bank or other accounts in which the Issuer may at any time have or acquire in relation to such Series; and(e) an absolute assignment of its rights under each Issuer Programme Transaction Document to the extent that they relate to such Series and under each Issuer Series Transaction Document in relation to such Series (other than the Trust Documents).
Security for a Series of Notes:	The security for the Notes in each Series will be created only over the assets held by the Issuer in respect of such Series. The Underlying Security allocated to one Series may also be allocated to other Series (subject to compliance with the SAB Loan-to-Value Test and the NAB Loan-to-Value Test, as applicable).

Issuer Floating Charge:

As continuing security for the payment or discharge of the Issuer Secured Obligations in relation to all Series, the Issuer will create in favour of the Note Trustee, in accordance with the terms of the Note Security Deed, a floating charge over the whole of its undertaking and all its property, assets and rights (present and future, including the Issuer's uncalled capital) except those assets which have been charged in favour of the Note Trustee by way of a fixed charge.

Enforcement of Series Security:

If the Note Trustee issues an Issuer Enforcement Notice in relation to a Series (the "**Defaulted Series**"), the Series Security in relation to each other Series (the "**Non-Defaulted Series**") will not as a result become enforceable (other than by reason of the delivery of an Issuer Enforcement Notice in relation to that other Non-Defaulted Series). In such circumstances the Note Trustee or the Receiver will be entitled to enforce the Series Assets only in relation to the Defaulted Series for the benefit of the Series Secured Creditors of such Defaulted Series and will have no further claim against the Issuer in respect of the amounts payable under the Notes other than under the Issuer Floating Charge and thereafter as an unsecured creditor. In addition, the Note Trustee and any Receiver will be directed, in relation to each Non-Defaulted Series, to continue to comply with all the existing agreements and make all the payments due in relation to such Non-Defaulted Series subject as specified below.

Events of Default and Cross-Default:

The Note Trustee may in its discretion, or shall if directed by the requisite number of Noteholders and indemnified and/or secured to its satisfaction, declare the Notes of each Series to be immediately due and payable if the Note Trustee has already declared the Notes of another Series to be due and repayable. In respect of each Series, such Events of Default include *inter alia* (i) non-payment of any principal due in respect of the Notes, (ii) breach of the Issuer's other obligations in respect of the Notes, Issuer Covenants and the Trust Documents, (iii) insolvency, (iv) unlawfulness, and (v) any other event as specified in the relevant Final Terms.

See Condition 11 (*Events of Default*).

Final Redemption:

Unless the Notes of a Series have previously been redeemed or purchased and cancelled as provided in the Conditions or on an Amortising Basis, the Notes of such Series will be redeemed at their Principal Amount Outstanding on the Final Maturity Date as a bullet repayment in respect of such Series specified in the relevant Final Terms.

Early Redemption:

If an Advance becomes prepayable in whole or in part prior to the relevant repayment date as specified in the Loan Facility Agreement (other than as a result of the Notes of the relevant Series becoming due and payable), the Issuer shall redeem Notes of the relevant Series in an aggregate principal amount equal to the nominal amount of the Advance to be repaid at the Early Redemption Amount, together with any interest accrued up to, and including, the Loan Prepayment Date.

If as a result of any actual or proposed change in Tax law, the Issuer determines (in its reasonable commercial judgement) that it would be required to make a Tax Deduction in respect of payments to be made by it in respect of a Series and the Issuer does not opt to pay additional amounts pursuant to Condition 10.2 (*No obligation to pay additional amounts*) or, having so opted, notifies the Note Trustee of its intention to cease paying such additional amounts, the Issuer shall redeem the Notes of such Series in whole, but not in part, at the Principal Amount Outstanding (or such other amount as specified in the relevant Final Terms), together with any interest accrued up to and including the date of redemption.

See Condition 8 (*Redemption and Purchase*).

Purchases and Cancellations:

The Group Borrower or any Guarantor may at any time purchase Notes comprising the whole or part of any Series. The Group Borrower or any Guarantor may surrender such purchased Notes to the Issuer for cancellation at any time. Upon such Notes being surrendered to the Issuer for cancellation, an amount equal to the Principal Amount Outstanding of such surrendered Notes shall be deemed to be prepaid under the Loan Facility Agreement. Neither the Group Borrower nor any Guarantor shall have any voting rights in respect of the Notes for so long as they hold them. See Condition 8.7 (*Purchase of Notes by the Group Borrower or the Borrowers*).

Restrictions on disposal of the Issuer's assets:

If an Issuer Enforcement Notice has been delivered by the Note Trustee in respect of a Series, other than as a result of non-payment of any amount due under the Notes, neither the Note Trustee nor any Receiver will be entitled to dispose of the Series Assets comprised in such security or any part thereof unless Condition 12.3 (*Restrictions on disposal of Issuer's assets*) is satisfied.

Pre-Enforcement Payments Priorities:

On each Note Payment Date prior to the delivery of an Issuer Enforcement Notice in relation to the Notes of a Series, the Issuer shall effect payment from monies in the Transaction Account in relation to that Series of the amounts due and payable by the Issuer on such Note Payment Date in relation to that Series in relation to the following matters in the amounts required in the following order of priority (the "**Pre-Enforcement Payments Priorities**"):

- (a) *first*, any accrued and unpaid taxes and statutory fees owing by the Issuer to any tax authority (in so far as they relate to the relevant Series of Notes or, to the extent not referable to a specific Series, the Expense Apportioned Part thereof);
- (b) *second*, to the payment of any unpaid fees, costs, charges, expenses and liabilities of the Note Trustee (including, but not limited to, all amounts payable to the Note Trustee under the Trust Documents) or any agent or representative appointed by the Note Trustee pursuant to the Trust Documents (in each case, insofar as they relate to the relevant Series of Notes or, to the extent not referable to a specific Series, the Expense Apportioned Part thereof);
- (c) *third*, any other due but unpaid Issuer Expenses (insofar as they relate to the relevant Series of Notes or, to the extent not referable to a specific Series, the Expense Apportioned Part thereof);
- (d) *fourth*, to pay *pari passu* and *pro rata*, except where such Swap Counterparty is a Defaulted Counterparty, any amount due and payable to any Swap Counterparty, in each case, pursuant to the relevant Swap Agreement in relation to such Series;
- (e) *fifth*, to the payment, on a *pro rata* and *pari passu* basis, to the Noteholders of such Series of any amount in respect of interest due and payable but unpaid on such Note Payment Date;
- (f) *sixth*, to the payment, on a *pro rata* and *pari passu* basis, to the Noteholders of such Series of any amount of principal due and payable but unpaid on such Note Payment Date;
- (g) *seventh*, *pari passu* and *pro rata*, in or towards payment of any amounts due and payable to any Defaulted Counterparty in relation to such Series not already paid under (d) above; and

**Post-Enforcement Payments
Priorities:**

- (h) *eighth*, any amount due and payable to the Group Borrower under the terms of the Loan Facility Agreement.

From the date upon which an Issuer Enforcement Notice is served in respect of the relevant Series of Notes, all monies from time to time credited to the Transaction Account in relation to such Series and all monies received or recovered by the Note Trustee or any Receiver in relation to such Series which do not constitute Trust Proceeds, shall be applied to effect payment of the amounts due and payable by the Issuer in relation to the following matters, in the amounts required, in the following order of priority (the “**Post-Enforcement Payments Priorities**”):

- (a) *first*, to the payment of any unpaid fees, costs, charges, expenses and liabilities of the Note Trustee (including, but not limited to, all amounts payable to the Note Trustee under the Trust Documents) or any agent or representative appointed by the Note Trustee pursuant to the Trust Documents (including, for the avoidance of doubt, any Receiver) (in each case, insofar as they relate to the relevant Series of Notes or, to the extent not referable to a specific Series, the Expense Apportioned Part thereof);
- (b) *second*, except where an Issuer Enforcement Notice has been served in respect of all Series of Notes, to the payment of any accrued and unpaid taxes and statutory fees owing by the Issuer to any tax authority (insofar as they relate to the Series of Notes or, to the extent not referable to a specific Series, the Expense Apportioned Part thereof);
- (c) *third*, to the payment of any other due but unpaid Issuer Expenses (insofar as they relate to the relevant Series of Notes or, to the extent not referable to a specific Series, the Expense Apportioned Part thereof), provided, however, that no Issuer Expenses shall be paid under this item (c) to persons who are not Series Secured Creditors if an Issuer Enforcement Notice has been served in respect of all Series of Notes;
- (d) *fourth*, to pay *pari passu* and *pro rata*, except where such Swap Counterparty is a Defaulted Counterparty, any amount due and payable to any Swap Counterparty, in each case, pursuant to the relevant Swap Agreement in relation to such Series;
- (e) *fifth*, to the payment, on a *pro rata* and *pari passu* basis, to the Noteholders of such Series of any amount in respect of interest due and payable but unpaid;
- (f) *sixth*, to the payment, on a *pro rata* and *pari passu* basis, to the Noteholders of such Series of any amount of principal due and payable but unpaid; and
- (g) *seventh*, *pari passu* and *pro rata*, in or towards payment of any amounts due and payable to any Defaulted Counterparty in relation to such Series not already paid under (d) above,

provided that, if at any time a payment is proposed to be made to any Series Secured Creditor and such Series Secured Creditor is in default under any of its obligations to make a payment under any of the Issuer Transaction Documents to which it is a party (the “**Defaulted Payment**”), the amount of the payment which may be made to that Series Secured Creditor shall be reduced by an amount equal to the amount of such Defaulted Payment. Any amount so withheld shall not be available for any other purpose and shall be paid to that Series Secured Creditor as and when (and *pro rata* to the

extent that) the Defaulted Payment is duly made by it and with the same priority as if such amount had been paid when originally due, and provided further that the Note Trustee shall be entitled, and is authorised, to call for (and to accept as conclusive evidence thereof) a certificate from the auditors or, if applicable, the liquidator (if any) of the Issuer as to the amounts of the claims of any of the relevant parties under payments set out in these Post-Enforcement Payments Priorities. For the purposes of the Pre-Enforcement Payment Priorities and the Post-Enforcement Payment Priorities, “**Expense Apportioned Part**” means, for so long as the Notes of more than one Series are outstanding, the amount of the fees, costs, expenses, and other liabilities of the Issuer which are not referable to a specific Series apportioned equally between each Series outstanding.

Taxation:

All payments in relation to the Notes, the Receipts or the Coupons, shall be made free and clear of, and without withholding or deduction for any Taxes unless a Tax Deduction is required by law. If a Tax Deduction is required in respect of payments to be made by the Issuer to the Noteholders the Issuer may at its option, but will not be obliged to, gross up payments in respect of the Notes.

Form:

Notes may only be issued in bearer form.

Each Series of Notes will initially be in the form of a Temporary Global Note without interest coupons or principal receipts, which will be deposited with the Common Depositary on or about the Series Closing Date.

Each Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons or principal receipts, not earlier than 40 days after the Series Closing Date for the relevant Series upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected until such certification of non-US beneficial ownership has been received by the Principal Paying Agent.

Specified Denomination:

The Notes will be issued in the denominations set out in the relevant Supplement or relevant Final Terms for that Series in an amount equal to or greater than €50,000 or its equivalent in other currencies.

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €50,000 (or the equivalent amount in any other currency).

Maturity:

The Issuer does not intend to issue Notes with a maturity of less than one year.

Ratings:

The rating of each Series of Notes (if any) will be set out in the relevant Supplement or relevant Final Terms, as the case may be.

Listing:

Application may be made for the Notes of a Series to be admitted to listing on the regulated market of the Irish Stock Exchange or such other stock exchange or listing authority as may be agreed by the Issuer and the Note Trustee, as specified in the relevant Supplement or relevant Final Terms, as the case may be. Approval of the Financial Regulator relates only to secured Notes which are to be

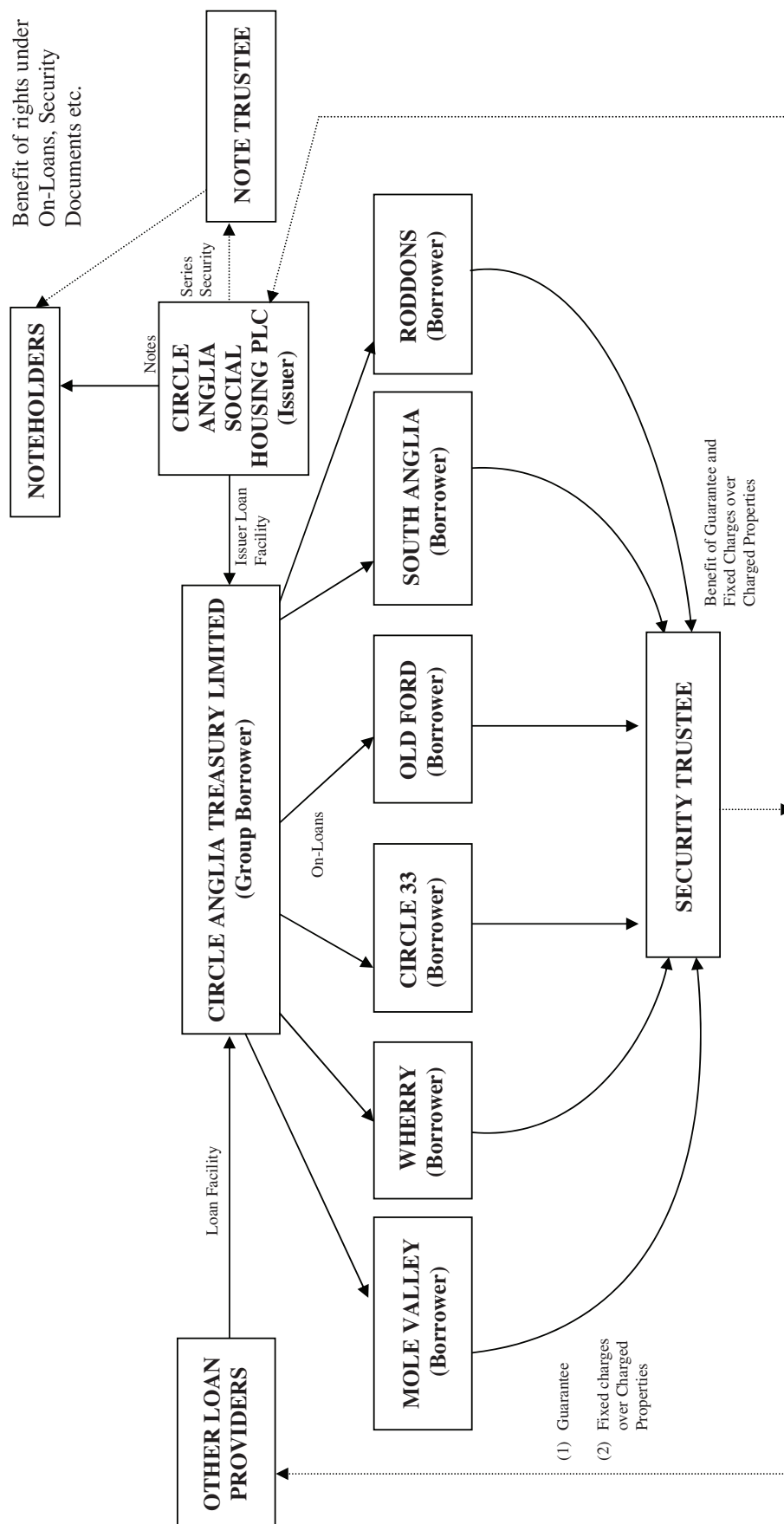
admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purpose of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area.

Governing Law:

The Notes and the Issuer Transaction Documents and any non-contractual obligations arising out of or in connection with them shall each be governed by English law.

STRUCTURE DIAGRAM OF TRANSACTION

Circle Anglia Social Housing Plc Note Programme Diagram



RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. Most of these 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.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts due on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective purchasers should also read the information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Factors which may affect the Issuer, the Group Borrower and/or the Borrowers' ability to fulfil their obligations under the Notes, the Loan Facility Agreements and the On-Loan Agreement and Deed of Guarantee respectively

Special purpose vehicle issuer: The Issuer is a special purpose finance entity with no business operations other than the incurrence of financial indebtedness, including the issuance of Notes. As such the Issuer is entirely dependent upon receipt of funds received from the Group Borrower or the Borrowers in order to fulfil its obligations under the Notes.

Credit Risk: The Issuer, and therefore payments by the Issuer in respect of the Notes, will be subject to the credit risk of the Circle Anglia Group. The Issuer will be subject to the risk of delays in the receipt, or risk of defaults in the making, of payments due from the Group Borrower in respect of the relevant Loan Facility. Payments on a Loan Facility by the Group Borrower are dependent in part upon the Group Borrower receiving from the Borrowers the payments due to it under the On-Loan Agreement. Payments by the Borrowers under the On-Loan Agreement, in turn, depend primarily on the funds available to the Borrowers at the relevant time. A number of factors may affect the Group Borrower and the Borrowers' ability to make payments under the Loan Facility and the On-Loan Agreement, respectively, including, but not limited to, those set out below. However, each of the Borrowers have guaranteed the obligations of the Group Borrower to the Issuer under the relevant Loan Facility and it is envisaged that in the event that a Borrower is unable to make a payment under the On-Loan Agreement such payment will be made by the other Borrowers within the Circle Anglia Group pursuant to the terms of the Deed of Guarantee.

Capital Resources & Treasury Risk: To mitigate liquidity risk and augment its capital resources, the Group Borrower relies on financing through committed lines of credit from major banks and through revolving debt (which may either be secured or unsecured) which it will on-lend to the Borrowers. The Group Borrower is therefore dependent on its ability to access these sources of financing and is subject to interest rate risk in respect of its variable rate lines of credit.

Housing Benefit: A proportion of the rent received by a Borrower 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 a Borrower to meet its payment obligations on a timely basis.

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 Borrowers' revenues.

The Borrowers also generate revenue from their housing for sale (and shared ownership) programmes and are, therefore, exposed to market risk, in relation to housing for sale, including both demand and pricing risks. The Borrowers receive social housing grant funding through the Housing Corporation, the government agency that funds new affordable homes and regulates housing associations in England. 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 Borrowers fail to comply with the Housing Corporation's regulatory framework 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 have an adverse impact on the future development of the Borrowers.

The Housing Corporation has powers to intervene in the affairs of registered social landlords 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. For example, the Housing Corporation has powers to direct an enquiry into the affairs of a registered social landlord and may as a result of such an enquiry direct the registered social landlord to make a transfer of land.

Notice must be given to the Housing Corporation before and after any steps are taken to enforce any security over land held by a registered social landlord. As soon as such steps are taken, there is a moratorium period of 28 days during which the consent of the Housing Corporation is required for any disposal of the land held by the registered social landlord itself or by any person having a power of disposal in relation to the land. During the moratorium period, the Housing Corporation may make proposals as to the future ownership and management of the land held by the registered social landlord. Where such proposals are agreed by all secured creditors, the Housing Corporation may appoint a manager to implement them.

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 Borrowers' ability to develop land acquired, or the value of its land investments, increases in interest rates, build cost inflation and the cost of financing and the need to continue to invest in their stock of housing assets held for rent and in their 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 Group Borrower and the Borrowers have prepared disaster recovery plans in order to mitigate against this, they are dependent upon their 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 Borrowers and hence the Group Borrower and the Issuer, although the Borrowers are indemnified in a number of instances under insurance policies for operating risks that can be mitigated through the purchase of insurance.

Housing and Regeneration Act: The Housing and Regeneration Act 2008 received Royal Assent on 22 July 2008. Its enactment will, amongst other things, create a new social housing regulator responsible for homes provided by registered social landlords. The National Housing Federation (the "NHF"), which represents English housing associations, is concerned that the Act 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 Act 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.

Effect of Losses on Loan Facility on Interest Payments and Repayments on the Notes: There can be no assurance that the levels or timeliness of payments of collections received in respect of the relevant Loan Facility will be adequate to ensure fulfilment of the Issuer's obligations in respect of the Notes of the related Series on each Note Payment Date or on the Final Maturity Date. In addition, a default on a Loan Facility in relation to a Series could ultimately result in its enforcement, a claim being made by the Issuer under the Deed of Guarantee and, if payment is not made thereunder on a timely basis, the enforcement of the Underlying Security in relation to the Series. The proceeds of any such enforcement may be insufficient to cover the full amount due from the Group Borrower resulting in a shortfall in funds available to repay the Notes. However, it is expected that in the event that the Group Borrower's payment obligations under a Loan Facility are not fulfilled, the Borrowers shall fulfil such obligations without the need to enforce the Underlying Security or to seek recourse through the courts.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Suitability

Prospective purchasers of Notes should ensure that they understand the nature of the Notes 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 Notes and that they consider the suitability of the Notes as an investment in light of their own circumstances and financial condition.

Risks Relating to the Notes Generally

Liability under the Notes: The Notes of each Series are obligations of the Issuer only and do not establish any liability or other obligation of any other person mentioned in this Base Prospectus including but not limited to the Transaction Parties and any Account Chargors (other than the Issuer) in relation to such Notes.

Subordination of payments: No amounts will be paid in respect of any Series until any other amounts ranking in priority to payments in respect of such Series have been paid in full.

Redemption prior to maturity: In the event that the Notes become repayable for any reason prior to maturity, if the Notes are redeemed at an amount which is less than the Spens Redemption Amount, 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 Notes.

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

The conditions of the Notes also provide that the Note Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in the Conditions.

Notes where denominations involve integral multiples: In relation to any issue of Notes which has denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Change in Law: The structure of the issue of the Notes, 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 Base Prospectus, and having 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 Base Prospectus. 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 Base Prospectus.

European Monetary Union: It is possible that, prior to the repayment in full of the Notes, 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. In that event the introduction of the Euro as the lawful currency of the United Kingdom may result in the disappearance of published or displayed rates for deposits in pounds sterling used to determine the rates of interest on the Notes or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the Euro could also be accompanied by a volatile interest rate environment which could adversely affect holders of the Notes. 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 Notes, though in this event, it is likely that the Notes will be redenominated in Euro.

Potential Conflicts of Interest: Each of the Transaction Parties (other than the Issuer) and the Guarantors and their affiliates in the course of each of their respective businesses may provide services to other Transaction Parties and/or Guarantors 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 Transaction Parties and/or Guarantors and their affiliates or between such Transaction Parties and/or Guarantors and their affiliates

and such third parties. Each of the Transaction Parties (other than the Issuer) and the Guarantors 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 Transaction Party in respect of the Transaction or a Guarantor.

Taxation: Under the Conditions of the Notes (see Condition 10 (*Taxation*) below), the Issuer may, but will not be obliged to, gross up payments in respect of the Notes if any deduction or withholding in respect of Tax is imposed. In the event that any deduction or withholding in respect of Tax is imposed and the Issuer does not opt to gross up payments in respect of the Notes (or, if having previously opted to gross up notifies the Note Trustee of its intention to cease grossing up payments in respect of the Notes), the Notes will be redeemed in accordance with Condition 8.3 (*Early Redemption for Taxation Reasons*). 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 relevant Notes.

In addition, each Loan Facility, the Deed of Guarantee (following amendment pursuant to the Notice of New Guarantee Beneficiary) and the On-Loan Agreement require that all payments of principal and interest are to be made free and clear of and without withholding or deduction for or on account of tax unless a Tax Deduction is required by law. If a Tax Deduction is required by law to be made by the Group Borrower under a Loan Facility Agreement or by a Guarantor under the Deed of Guarantee (following amendment as referred to above), the amount of the payment due from the Group Borrower shall be increased to an amount which (after making the Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

For a description of the current United Kingdom law and practice relating to the withholding tax treatment of the Notes, see below in “*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 Note 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.

Risks Relating to the Security of the Notes issued under the Programme

Considerations relating to the Series Security and the Underlying Security: Each Series of Notes will be secured by Series Security granted in favour of the Note Trustee for the benefit of the Noteholders and the other Series Secured Creditors. Such Series Security will include security over the relevant Loan Agreement and the Underlying Security. The Underlying Security will, subject to certain perfection requirements, comprise a Fixed Charge over the Charged Properties and an equitable assignment over the rents derived from the Charged Properties. The Note Trustee may hold the benefit of the Underlying Security on behalf of more than one Series of Notes.

The validity of any security given by a Borrower in connection with additions and substitutions of Charged Properties may depend on the solvency of the relevant Borrower at the time of the grant.

Change of apportionment basis of Charged Properties: The Security Trust Deed provides for security over properties to be apportioned amongst the beneficiaries thereunder on either a “specific apportionment basis” whereby the individual properties are specifically charged for a specific beneficiary or on a “numerical apportionment basis” whereby a specific percentage of Units within the portfolio of properties charged thereby is designated to a beneficiary. The Issuer and the Note Trustee may, without the consent of the Noteholders, agree to a change in the apportionment basis under the Security Trust Deed, subject to certain confirmations as to the value of the new Charged Property.

Addition of new Borrowers: The Group Borrower may at any time agree to the accession of new Borrowers as Borrowers under the On-Loan Agreement and as Guarantors under the Deed of Guarantee. In such circumstances, if the new Borrower's credit risk were weaker than that of the rest of the Guarantors, the Issuer would become subject to increased credit risk in respect of the Guarantors as a whole.

The Issuer's Ability to Meet Its Obligations Under the Notes After Enforcement Under a Loan Facility: Following default by the Group Borrower, and in the event that the Borrowers have not satisfied the obligations of the Group Borrower pursuant to the Deed of Guarantee, the Security Trustee will be entitled to call for payments of any unpaid sums by the Group Borrower under and in accordance with the terms of the Deed of Guarantee. If the Guarantors do not make payment of amounts due to the Issuer within the grace period provided for in the Deed of Guarantee, the Security Trustee may, subject to the moratorium provisions contained in the Housing Act 1996, enforce the Underlying Security in respect of the Borrowers and appoint a Receiver in respect of the defaulting Borrower pursuant to its powers under the Security Trust Deed.

The Issuer's ability to continue to pay principal and interest on the Notes following default by the Group Borrower under the relevant Loan Facility is dependent upon the ability of the Issuer to receive through the Deed of Guarantee, or from the Security Trustee pursuant to the collection of rental income or a disposal of the Underlying Security, sufficient funds to make such payment.

Fixed charges may take effect under English law as floating charges: Pursuant to the Note Security Deed, the Issuer has purported to grant fixed charges over, amongst other things, all rights and benefits under the relevant Series Transaction 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 Note 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 Note 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.

Claims of Creditors of the Issuer other than Series Secured Creditors: Under English law, any creditor (who has not entered into non-petition clauses) would (save where an administrator has been appointed) be able to commence insolvency or winding up proceedings against the Issuer in respect of any unpaid debt. However, the Issuer will undertake not to incur any debt or liability or enter into any other transaction other than as provided in, or contemplated by, the Issuer Transaction Documents.

Mortgagee in Possession Liability: There is a risk that the Security Trustee may be deemed to be a mortgagee in possession if it physically enters into possession of a Charged 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 Security Trustee. The consequence of being a mortgagee in possession would be that the Security Trustee may be obliged to account to the relevant Borrower for the income obtained from the Charged Property, be liable for any damage to the Charged Property, have a limited liability to repair the Charged Property and, in certain circumstances, may be obliged to make improvements or incur financial liabilities in respect of the Charged Property. A mortgagee in possession may also be liable to a tenant for any mis-management 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 Notes may not have an established market when issued. There can be no assurance of a secondary market for the Notes or the continued liquidity of such market if one develops. The development or continued liquidity of any secondary market for the Notes will be affected by a number of factors such as the state of credit markets in general and the creditworthiness of the Circle Anglia Group, as well as other factors such as the time remaining to the maturity of the Notes.

Credit ratings may not reflect all risks: One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be raised or withdrawn by the rating agency at any time.

FORM OF THE NOTES AND SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Form of the Notes

Each Series of Notes will be in bearer form and will initially be in the form of a temporary global note (the “**Temporary Global Note**”), without interest coupons or principal receipts. Each Temporary Global Note will be deposited on or around the relevant Series Closing Date with the Common Depositary for Euroclear and Clearstream, Luxembourg.

Each Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the “**Permanent Global Note**” and, together with the Temporary Global Note, the “**Global Notes**”), without interest coupons or principal receipts, not earlier than 40 days after the relevant Series Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in the Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note at the Specified Office of the Principal Paying Agent; and
- (ii) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; *provided, however*, that in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

Each Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form (“**Definitive Notes**” and each one of them a “**Definitive Note**”) only if Euroclear or Clearstream, Luxembourg or any other relevant clearing system 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 in fact does so.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons, Receipts and Talons attached (if so specified in the relevant Final Terms or Supplement), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under “*Terms and Conditions of the Notes*” below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “*Conditions applicable to Global Notes*” below.

Legend concerning United States persons

In the case of any Series of Notes having an original maturity of more than 365 days, the Notes in global form and definitive form and any Coupons, Receipts and Talons appertaining thereto will bear a legend to the following effect:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to in such legend provide that a United States person who holds a Note, Coupon, Receipt or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note, Coupon, Receipt or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

Further Notes

Pursuant to the Paying Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Principal Paying Agent shall arrange that, where further Notes are issued which are intended to form a single Series with an existing Series of Notes, such further Notes shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to such Notes.

Clearing System Accountholders

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents and the Note Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, any Paying Agent and the Note Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Note Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the relevant Supplement or relevant Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Note Trustee.

Conditions applicable to Global Notes

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note. The following is a summary of certain of those provisions:

Calculation Date: Notwithstanding the definition in Condition 2 (*Definitions*), while the Notes are represented by a Global Note, the “**Calculation Date**” shall be the fifth Business Day prior to the related Note Payment Date.

Payments: All payments in respect of a Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note at the Specified Office of any Paying Agent outside the United States and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment is made in respect of the Global Note, the Issuer shall procure that the same is noted in a schedule thereto, distinguishing between any payment of principal and any payment of interest, and such schedule shall be *prima facie* evidence that the payment in question has been made.

Notices: Notwithstanding Condition 21 (*Notices*), while all the Notes are represented by a Global Note and the Global Note is deposited with the Common Depositary, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 21 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Partial Redemptions: For so long as all of the Notes are represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, no selection of Notes to be redeemed will be required under Condition 8.5 (*Notice of Early Redemption*) in the event that the Issuer exercises its option pursuant to Condition 8.2 (*Early Redemption*) in respect of less than the aggregate principal amount of the Notes outstanding at such time. In such event, the standard procedures of Euroclear and/or Clearstream, Luxembourg shall operate to determine which interests in this permanent Global Note are to be subject to the exercise of such option.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Final Terms or the Supplement, as the case may be, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to that Note were it in definitive form to the extent described under "Form of the Notes and Summary of Provisions Relating to the Notes while in Global Form".

1. General

- 1.1 The Issuer has established a programme for the issuance of notes (the "**Programme**"). Notes issued under the Programme are to be issued in series (each a "**Series**"). Each Series may be subject to amendment by means of a supplement (each a "**Supplement**"). The terms and conditions applicable to any particular Series of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Supplement or the relevant Final Terms. In the event of any inconsistency between these Conditions and the conditions set out in any Supplement, the conditions set out in the Supplement shall prevail. In the event of any inconsistency between the Supplement and the relevant Final Terms, the relevant Final Terms shall prevail. Any reference to relevant Final Terms in these Conditions shall be construed to include any conditions contained in a Supplement, where applicable.
- 1.2 The Paying Agency Agreement records certain arrangements in relation to the payment of interest and principal in respect of the Notes.
- 1.3 Certain provisions of these Conditions are summaries of the Trust Documents and the Paying Agency Agreement and are subject to their detailed provisions.
- 1.4 The Noteholders, the Couponholders and the Receiptholders are bound by the terms of the Trust Documents, and are deemed to have notice of all the provisions of the Issuer Transaction Documents.
- 1.5 All subsequent references in these Conditions to "Notes" are to the Notes of a Series which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for inspection by Noteholders during normal business hours at the Specified Office of the Principal Paying Agent.
- 1.6 Copies of the Issuer Transaction Documents are available for inspection by Noteholders during normal business hours at the principal office for the time being of the Note Trustee and at the Specified Offices of each of the Paying Agents.

2. Definitions

- 2.1 In these Conditions, the following defined terms have the meanings set out below:

"**Account Charge**" means (i) a charge entered into between a Guarantor and the Issuer pursuant to which such Guarantor grants in favour of the Issuer a first fixed legal charge over the charged account identified in such Account Charge or (ii) the charge granted by the Issuer to the Note Trustee under the Note Security Deed over a Cash Security Account;

"**Account Chargor**" means any Guarantor which enters into an Account Charge with the Issuer in relation to a Series of Notes;

"**Accounts Agreement**" means the agreement so named dated on or about the Programme Date between the Issuer, the Accounts Bank and the Note Trustee;

"**Accounts Bank**" means The Bank of New York Mellon, acting through its London branch at One Canada Square, London E14 5AL, in its capacity as the bank at which each Transaction Account is held in accordance with the terms of the Accounts Agreement;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

“**Advance**” means an advance made or to be made by the Issuer to the Group Borrower pursuant to and in accordance with the Loan Facility Agreement and “**Advances**” means more than one of them;

“**Agent Bank**” means The Bank of New York Mellon, acting through its London branch at One Canada Square, London E14 5AL, in its capacity as agent bank in accordance with the terms of the Paying Agency Agreement or such other Agent Bank as specified in the relevant Final Terms;

“**Agents**” means the Agent Bank, the Principal Paying Agent and the other Paying Agents and “**Agent**” means any one of them;

“**Aggregate Default Interest Amount**” means, in respect of each Series, an amount equal to the aggregate amount of default interest payable by the Group Borrower to the Issuer pursuant to clause 16.1 (*Default Interest*) of the Loan Facility Agreement Standard Terms (if any);

“**Aggregate Nominal Amount**” means the amount specified as such in the relevant Final Terms;

“**Amortising Basis**” means, if specified in the relevant Final Terms, that the principal of the Notes shall be repaid in instalments in the amounts and on the dates specified in the relevant Final Terms;

“**Benchmark Gilt**” means, in relation to the Notes of any Series, the gilt specified as such in the relevant Final Terms of such Series or, if no such gilt is specified or such gilt is no longer in issue or (in the opinion of the Market Maker) is not of sufficient size to be an accurate benchmark, of such other United Kingdom government gilt as the Note Trustee, with the advice of three brokers or market-makers operating in the gilt-edged market, shall determine to be appropriate;

“**Borrower**” means each of Circle Thirty Three Housing Trust Limited, South Anglia Housing Limited, Wherry Housing Association Limited, Old Ford Housing Association, Roddons Housing Association Limited and Mole Valley Housing Association Limited and any other Borrower specified as such in the relevant Final Terms and together the “**Borrowers**”;

“**Breach of Duty**” means, in relation to any person, a wilful default, fraud or negligence by such person;

“**Broken Amount**” has the meaning given to it in the relevant Final Terms;

“**Bullet Repayment**” means, if specified in the relevant Final Terms, that the Notes shall be redeemed in full in a single payment on the Final Maturity Date;

“**Business Day**” means, in respect of a Note:

- (a) (if the Note is of a Series of Sterling Notes) a London Business Day; and/or
- (b) (if the Note is of a Series of Euro Notes) a TARGET2 Settlement Day and a London Business Day; and/or
- (c) (if the Note is of a Series of Dollar Notes) a London Business Day and a day on which commercial banks and foreign exchange markets settle payments in New York City,

and, in each case, a day on which commercial banks and foreign exchange markets settle payments in any Additional Business Centre(s) specified in the relevant Final Terms;

“**Business Day Convention**”, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) “**Following Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) “**Modified Following Business Day Convention**” or “**Modified Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) “**Preceding Business Day Convention**” means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) “**FRN Convention**”, “**Floating Rate Convention**” or “**Eurodollar Convention**” means that each relevant date shall be the date which numerically corresponds to the preceding such date

in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred *provided, however, that:*

- (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) **“No Adjustment”** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“Calculation Amount” means the amount specified in the relevant Final Terms;

“Calculation Date” means, in relation to any Note Payment Date, the 20th Business Day prior to such Note Payment Date;

“Charged Property” means each residential property charged by a Borrower to the Security Trustee under a legal charge as security for that Borrower’s obligations under the Deed of Guarantee (together, the **“Charged Properties”**);

“Circle Anglia Group” means Circle Anglia Limited (or any other body succeeding it as parent of the Circle Anglia Group) and each of its Subsidiaries;

“Closing Arrangements Deed” means the deed so named entered into between, *inter alios*, the Issuer and the Group Borrower on or about the Series Closing Date and any other closing arrangements deed entered into in respect of any Series;

“Compliance Certificate” means a Financial Covenants Compliance Certificate and/or a Financial Statements Compliance Certificate, as the case may be;

“Conditions” means, in respect of any Note, these Conditions as supplemented, amended and/or replaced by the relevant Final Terms or Supplement, as the case may be, and as any of the same may from time to time be modified in accordance with the Note Trust Deed and any reference to a particular numbered **“Condition”** shall be construed in relation to such Note accordingly;

“Counter-Indemnity Agreement” means the deed of indemnity entered into between the Guarantors on or about 24 May 2007, as amended, acceded to, restated, novated or supplemented from time to time;

“Coupon Sheet” means, in respect of a Note, a coupon sheet relating to the Note;

“Couponholders” means the holders of Coupons;

“Coupons” means the interest coupons relating to the Notes and **“Coupon”** means each one of them;

“Day Count Fraction” means, in respect of the calculation of an amount for any period of time (the **“Note Calculation Period”**), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (a) if **“Actual/Actual (ICMA)”** is so specified, with respect to Fixed Rate Notes, means:
 - (i) where the Note Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Note Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (ii) where the Note Calculation Period is longer than one Regular Period, the sum of:

- (1) the actual number of days in such Note Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (2) the actual number of days in such Note Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year with respect to Floating Rate Notes;
- (b) if “**Actual/Actual (ISDA)**” is so specified, with respect to Floating Rate Notes, means the actual number of days in the Note Calculation Period divided by 365 (or, if any portion of that Note Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Note Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Note Calculation Period falling in a non-leap year divided by 365);
- (c) if “**Actual/365 (Sterling)**” is so specified, means the actual number of days in the Note Calculation Period divided by 365 or, in the case of a Note Payment Date falling in a leap year, 366;
- (d) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Note Calculation Period divided by 365;
- (e) if “**Actual/360**” is so specified, means the actual number of days in the Note Calculation Period divided by 360;
- (f) if “**30/360**”, “**360/360**” or “**Bond Basis**” is so specified, with respect to Floating Rate Notes, the number of days in the Note Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Note Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day of the Note Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Note Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Note Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Note Calculation Period, unless such number is 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Note Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (g) if “**30/360**” is so specified, with respect to Fixed Rate Notes, in the relevant Final Terms, means the number of days in the Note Calculation Period (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;
- (h) if “**30E/360**” or “**Eurobond Basis**” is so specified means, the number of days in the Note Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Note Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day of the Note Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Note Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Note Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Note Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Note Calculation Period, unless such number would be 31, in which case D₂ will be 30; and

- (i) if “**30E/360 (ISDA)**” is so specified, the number of days in the Note Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Note Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day of the Note Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Note Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Note Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Note Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Note Calculation Period, unless (i) that day is the last day of February but not the Final Maturity Date or (ii) such number would be 31, in which case D₂ will be 30;

“**Dealer**” means, in relation to a Series, each person named as a dealer in the relevant Final Terms to whom Notes in such Series may be sold in accordance with the terms of the Dealer Agreement;

“**Dealer Agreement**” means a dealer agreement to be dated on or about the Series Closing Date entered into between the Issuer and any Dealer(s) in relation to that Series;

“**Deed of Guarantee**” means the deed of guarantee dated 24 May 2007, made by the Original Guarantors in favour of the Security Trustee on trust for, *inter alios*, the Guarantee Beneficiaries and as acceded to by Old Ford Housing Association, Roddons Housing Association Limited and Mole Valley Housing Association Limited and other parties from time to time;

“**Default Interest Amount**” means, in respect of each Note of a Series, such Note’s *pro rata* share of the Aggregate Default Interest Amount (if any);

“**Defaulted Counterparty**” means the Swap Counterparty following the occurrence of either (i) an Event of Default (as defined in the relevant Swap Agreement) in relation to the Swap Counterparty; or (ii) an Early Termination Event (as defined in the relevant Swap Agreement) designated pursuant to the occurrence of a Termination Event (as defined in the relevant Swap Agreement) where the Swap Counterparty is the sole Affected Party (as defined in the relevant Swap Agreement);

“**Dollar Notes**” means Notes specified in the relevant Final Terms as denominated in U.S. dollars and each a “**Dollar Note**”;

“**Early Redemption Amount**” means, unless otherwise specified in the relevant Final Terms of a Series, the Spens Redemption Amount;

“**Euro**” or “**EUR**” or “**€**” means the lawful currency of member states of the European Union that adopt the single currency in accordance with the Treaty;

“**Euro Notes**” means Notes specified in the relevant Final Terms as denominated in Euro and each a “**Euro Note**”;

“**Event of Default**” means any one of the events specified in Condition 11 (*Events of Default*);

“**Extraordinary Resolution**” means a resolution passed at a Meeting duly convened and held in accordance with Schedule 5 (*Provisions for the Meetings of Noteholders*) to the Note Trust Deed by a majority of not less than three-quarters of the votes cast or passed in writing in accordance with that Schedule;

“**Final Discharge Date**” means, in relation to a Series, the date on which the Note Trustee notifies the Issuer and the Series Secured Creditors that it is satisfied that all the Issuer Secured Obligations and/or all other moneys and other liabilities due or owing by the Issuer in relation to such Series have been paid or discharged in full;

“**Final Maturity Date**” means, in relation to a Series, the date specified as such in the relevant Final Terms on which all amounts owing on the Notes in such Series are finally due and payable if they have not become so for any other reason before such date;

“**Final Terms**” means, in relation to a Series of Notes which is not the subject of a Supplement or a drawdown prospectus, the final terms and conditions substantially in the form of the Final Terms set out in the Base Prospectus dated the Programme Date applicable to such Series of Notes and, in relation to a Series of Notes which is the subject of a Supplement or a drawdown prospectus, as the case may be, the additional terms and conditions dated the Series Closing Date and applicable to such Series of Notes which supplement, amend and/or replace these Conditions in relation to such Series;

“**Finance Beneficiary**” means the Issuer and any further Loan Facility Providers (as defined in the Security Trust Deed) who are party to or accede to the Security Trust Deed as lenders to the Group Borrower;

“**Finance Documents**” has the meaning given to it in the relevant Loan Facility Agreement;

“**Financial Covenants Compliance Certificate**” means a certificate given to the Issuer and the Note Trustee pursuant to Clause 13.1.4 (*Financial Covenants*) of the Loan Facility Agreement substantially in the form set out in Schedule 5 (*Form of Financial Covenants Compliance Certificate*) to the Loan Facility Agreement;

“**Financial Statements Compliance Certificate**” means a certificate given to the Issuer and the Note Trustee pursuant to Clause 12.2.3 (*Requirements as to Financial Statements*) of the Loan Facility Agreement substantially in the form set out in Schedule 4 (*Form of Financial Statements Compliance Certificate*) to the Loan Facility Agreement;

“**Fitch**” means Fitch Ratings Limited;

“**Fixed Charge**” means each fixed charge entered into or to be entered into between a Guarantor and the Security Trustee under which that Guarantor grants in favour of the Security Trustee as security over the relevant Charged Properties, a first fixed legal charge over a Residential Property or Residential Properties, including each Supplemental Fixed Charge in the form attached in Schedule 6 (*Form of Fixed Charge*) or Schedule 7 (*Form of Supplemental Fixed Charge*) to the Security Trust Deed and “**Fixed Charges**” means all of them;

“**Fixed Coupon Amount**” has the meaning specified in the relevant Final Terms;

“**Fixed Rate Note Provisions**” means the provisions which apply to the Fixed Rate Notes;

“**Fixed Rate Notes**” means Notes in respect of which the *Fixed Rate Note Provisions* are specified in the relevant Final Terms as being applicable and “**Fixed Rate Note**” means any one of them;

“**Floating Rate Note Provisions**” means the provisions which apply to the Floating Rate Notes;

“**Floating Rate Notes**” means Notes in respect of which the *Floating Rate Note Provisions* are specified in the relevant Final Terms as being applicable and “**Floating Rate Note**” means any one of them;

“**Further Notes**” means, in respect of a Series, any Notes issued in accordance with Condition 20 (*Further Notes*) after the relevant Series Closing Date, such further notes being consolidated, and forming a single series, with the Notes of such Series;

The “**Gross Redemption Yield**” on the Notes and on the Benchmark Gilt will be expressed as a percentage and will be calculated on the basis indicated by the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields” page 5 Section one: Price/Yield Formulae, “Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date”;

“**Group Borrower**” or “**CAT**” means Circle Anglia Treasury Limited, a limited liability company incorporated under the laws of England and Wales with registration number 06133979 and having its registered office at Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE, in its capacity as borrower under the Loan Facility Agreements and Group Borrower under the On-Loan Agreement;

“**Guarantee Beneficiaries**” means the persons named as beneficiaries under the Deed of Guarantee and such other persons as become beneficiaries from time to time under the Deed of Guarantee and each such person shall be a “**Guarantee Beneficiary**”;

“**Guarantor**” means each of Circle Thirty Three Housing Trust Limited, Wherry Housing Association Limited and South Anglia Housing Limited (the “**Original Guarantors**”), Old Ford Housing Association, Mole Valley Housing Association Limited and Roddons Housing Association Limited and such other persons who may accede to the Deed of Guarantee from time to time as guarantors and all of them together, the “**Guarantors**”;

“**Incorporated Terms Memorandum**” means the memorandum so named dated on or about the Programme Date and signed for the purpose of identification by each of the Transaction Parties that are parties to the Issuer Programme Transaction Documents (other than the Incorporated Terms Memorandum);

“**Insolvency Act**” means the Insolvency Act 1986;

“**Insolvency Event**” in respect of an entity means:

- (a) such entity is unable or admits its inability to pay its debts as they fall due after taking into account any grace period or permitted deferral or suspends making payments on any of its debts; or
- (b) the value of the assets of such entity is less than the amount of its liabilities, taking into account its contingent and prospective liabilities; or
- (c) a moratorium is declared in respect of any indebtedness of such entity; or
- (d) the commencement of negotiations with one or more creditors of such entity with a view to rescheduling any indebtedness of such entity other than in connection with any refinancing in the ordinary course of business; or
- (e) any corporate action, legal proceedings or other procedure or step is taken in relation to:
 - (i) the appointment of an Insolvency Official in relation to such entity or in relation to the whole or any part of the assets of such entity (excluding, in relation to the Issuer, the appointment of an administrative receiver by the Note Trustee pursuant to Clause 16.1 of the Note Security Deed); or
 - (ii) an encumbrancer (excluding, in relation to the Issuer, the Note Trustee or any Receiver) taking possession of the whole or any part of the undertaking or assets of such entity; or
 - (iii) the making of an arrangement, composition or compromise, (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with any class of creditors of such entity, an insolvent reorganisation of such company, a conveyance to or assignment for the creditors of such entity generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such entity generally; or

- (iv) any distress, execution, attachment or other process being levied or enforced or imposed upon or against the whole or any part of the undertaking or assets of such entity (excluding, in relation to the Issuer, by the Note Trustee or any Receiver) and not discharged within ten Business Days; or
- (f) any procedure or step is taken, or any event occurs, analogous to those set out in (a) to (e) above, in any jurisdiction;

“Insolvency Official” means, in relation to a company, a liquidator (except, in the case of the Issuer, a liquidator appointed for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Note Trustee or by an Extraordinary Resolution of the Noteholders), provisional liquidator, administrator, administrative receiver, receiver, receiver or manager, compulsory or interim manager, nominee, supervisor, trustee, conservator, guardian or other similar officer in respect of such company or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous officer under the law of any jurisdiction;

“Interest Amount” means, for each Interest Period, the Note Interest calculated on the related Interest Determination Date;

“Interest Commencement Date” means the Series Closing Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

“Interest Determination Date” means, with respect to a Note Rate and Interest Period (save as otherwise specified in the relevant Final Terms), the date specified as such in the relevant Final Terms or, if none is so specified:

- (a) (in the case of Sterling Notes) each Note Payment Date or, in the case of the first Interest Period, the relevant Series Closing Date;
- (b) (in the case of Euro Notes), each day which is two TARGET2 Settlement Days prior to a Note Payment Date or, in the case of the first Interest Period, two TARGET2 Settlement Days prior to the relevant Series Closing Date; and
- (c) (in the case of Dollar Notes or any Notes issued in a Specified Currency other than Sterling, U.S. dollars or Euros), each day which is two London Business Days prior to a Note Payment Date or, in the case of the first Interest Period, two London Business Days prior to the relevant Series Closing Date,

and, in relation to an Interest Period, the **“related Interest Determination Date”** means: (i) (in the case of Sterling Notes), the Interest Determination Date which falls on the first day of such Interest Period; or (ii) (in the case of Notes denominated in a Specified Currency other than Sterling) the relevant Interest Determination Date immediately preceding the commencement of such Interest Period;

“Interest Period” means, in relation to a Series, each period from (and including) a Note Payment Date (or in respect of the first Interest Period, from and including the Series Closing Date) to (but excluding) the next (or first) Note Payment Date in relation to such Series and, in relation to an Interest Determination Date, the **“related Interest Period”** means the Interest Period in which such Interest Determination Date falls or, if such Interest Determination Date does not fall on a Note Payment Date, the Interest Period next commencing after such Interest Determination Date;

“Irish Stock Exchange” means the Irish Stock Exchange Limited;

“ISDA 2006 Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the relevant Series Closing Date;

“Issue Price” means the price specified as such in the relevant Final Terms;

“Issuer” means Circle Anglia Social Housing Plc, a public limited company incorporated under the laws of England and Wales, with registered number 06370683 and with its registered office at Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE;

“Issuer Covenants” means the covenants of the Issuer set out in Schedule 4 (*Issuer Covenants*) of the Incorporated Terms Memorandum;

“**Issuer Enforcement Notice**” means, in respect of the Notes of a Series, a notice delivered by the Note Trustee to the Issuer in accordance with Condition 11 (*Events of Default*) which declares the Notes of a Series to be immediately due and payable;

“**Issuer Floating Charge**” means such floating charge granted in favour of the Note Trustee for the Note Trustee itself and on trust for the Series Secured Creditors in relation to all Series, over the whole of the Issuer’s undertaking and all its property, assets and rights whatsoever and wheresoever present and future including, without limitation, the Issuer’s uncalled capital except to the extent otherwise charged or secured under Clause 4.1 (*Creation of Fixed Security*) of the Note Security Deed which will rank behind the Series Security for each Series;

“**Issuer Floating Charge Assets**” means all of the assets which are the subject of the Issuer Floating Charge;

“**Issuer Jurisdiction**” means England and Wales or such other jurisdiction in which the Issuer or any substitute of the Issuer (as contemplated by Condition 19 (*Substitution of Issuer*)) is incorporated and/or subject to taxation;

“**Issuer Payments Priorities**” means the Pre-Enforcement Payments Priorities and the Post-Enforcement Payments Priorities;

“**Issuer Programme Transaction Documents**” means the Note Trust Deed, the Paying Agency Agreement, the Note Security Deed, the Accounts Agreement, the Dealer Agreement, the Incorporated Terms Memorandum and the Master Execution Deed;

“**Issuer Secured Obligations**” means, in relation to each Series, the aggregate of all moneys and liabilities which from time to time are or may become due, owing or payable by the Issuer to each, some or any of the Series Secured Creditors under the Notes or the Issuer Transaction Documents to which the Issuer is a party in relation to such Series;

“**Issuer Series Transaction Documents**” means, in respect of each Series, the Loan Facility Agreement, the related Closing Arrangements Deed, the related Dealer Agreement, any Swap Agreement entered into in connection with such Series, any Account Charges entered into in connection with such Series and other documents in respect of such Series referred to as “**Issuer Series Transaction Document**” in the Final Terms;

“**Issuer Transaction Documents**” means the Issuer Programme Transaction Documents and the Issuer Series Transaction Documents and “**Issuer Transaction Document**” means any one of them;

“**Liabilities**” means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including but not limited to legal fees and any Taxes and penalties properly incurred by that person, together with any VAT charged or chargeable in respect of any of the sums referred to in this definition, on a full indemnity basis;

“**Loan Event of Default**” means, in relation to a Loan Facility, an event of default as set out in the related Loan Facility Agreement;

“**Loan Facility**” means a secured guaranteed loan facility made by the Issuer to the Group Borrower pursuant to a Loan Facility Agreement and “**Loan Facilities**” should be interpreted accordingly;

“**Loan Facility Agreement**” means, in relation to each Series, the loan facility agreement by which the Issuer provides a Loan Facility to the Group Borrower, which is specified in the relevant Final Terms and which is to be funded with the proceeds of the issue of such Series;

“**Loan Facility Agreement Standard Terms**” means the loan facility agreement standard terms made between the Issuer as lender and the Group Borrower as borrower and dated and signed for identification on or about the Programme Date, which, together with each Loan Transaction Terms, constitute a “**Loan Facility Agreement**”;

“**Loan Transaction Terms**” means, in relation to each Series, the loan transaction terms made between the Issuer as lender and the Group Borrower as borrower and which will be dated on or about the relevant Series Closing Date;

“**London Business Day**” means a day on which commercial banks and foreign exchange markets settle payments in London;

“**Margin**” has the meaning given in the relevant Final Terms;

“**Market Maker**” means a market maker operating in the gilt-edged market selected by the Note Trustee;

“**Master Definitions Schedule**” means the definitions schedule set out in Schedule 1 (*Master Definitions Schedule*) of the Incorporated Terms Memorandum;

“**Master Execution Deed**” means the deed so named dated on or about the Programme Date between the parties to the Issuer Programme Transaction Documents;

“**Meeting**” means a meeting of Noteholders of any Series (whether originally convened or resumed following an adjournment);

“**Minimum Amount**” means:

- (a) (in the case of Sterling Notes) one penny;
- (b) (in the case of Dollar Notes) one cent; and
- (c) (in the case of Euro Notes) 0.01 Euro;

“**Moody’s**” means Moody’s Investors Service Limited;

“**Note Interest**” means, in respect of a Note of a Series for any Interest Period in relation to such Series, the amount of interest determined by:

- (a) in the case of each Sterling Note, applying the Note Rate to the Principal Amount Outstanding of such Note on the Note Payment Date coinciding with such Interest Determination Date; and
- (b) in the case of each Euro Note and Dollar Note, applying the Note Rate to the Principal Amount Outstanding of such Note on the Note Payment Date next following such Interest Determination Date,

and multiplying the amount so calculated by the relevant Day Count Fraction and rounding the resultant figure to the nearest Minimum Amount;

“**Note Payment Date**” means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Note Payment Date) or the previous Note Payment Date (in any other case);

“**Note Rate**” means, in respect of Fixed Rate Notes, the Note Rate specified in the relevant Final Terms and, in the case of Floating Rate Notes, the Note Rate calculated in accordance with Condition 7 (*Interest*) as the same may be amended in accordance with the relevant Final Terms;

“**Note Security Deed**” means the security deed entered into between the Note Trustee and the Issuer on the Programme Date and any document expressed to be supplemental to such security deed (in each case, as amended or restated from time to time);

“**Note Trust Deed**” means the trust deed entered into between the Issuer and the Note Trustee on the Programme Date and any document expressed to be supplemental to such trust deed (in each case, as amended or restated from time to time);

“**Note Trustee**” means BNY Corporate Trustee Services Limited, with its registered office at One Canada Square, London E14 5AL, in its capacity as note trustee for the Noteholders and the other Series Secured Creditors in accordance with the terms of the Note Trust Deed and the Note Security Deed;

“**Noteholders**” means, in relation to a Series of Notes, the holders of the Notes of that Series;

“**Notes**” means, the notes (including, where applicable, any Further Notes) of the relevant Series issued by the Issuer under the Programme;

“**Notices Condition**” means Condition 21 (*Notices*);

“**Notices Details**” means the provisions set out in Schedule 7 (*Notices Details*) of the Incorporated Terms Memorandum;

“**outstanding**” means, in relation to the Notes in any Series, all the Notes other than:

- (a) those which have been redeemed in full and cancelled in accordance with the Conditions;
- (b) those in respect of which the date for redemption, in accordance with the provisions of the Conditions, has occurred and for which the redemption monies (including all interest accrued thereon to such date for redemption) have been duly paid to the Note Trustee or the Principal Paying Agent in the manner provided for in the Paying Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with the Notices Condition) and remain available for payment in accordance with the Conditions;
- (c) those which have been purchased and surrendered for cancellation as provided in Condition 8 (*Redemption and Purchase*) and notice of the cancellation of which has been given to the Note Trustee; and
- (d) those which have become void under the Conditions;

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any Meeting, vote on any Written Resolution or give any written or otherwise communicated direction or request by the holders of the Notes of any Series;
- (ii) the determination of how many and which Notes are for the time being outstanding for the purposes of clause 16 (*Modifications*), clause 15 (*Waiver*), clause 18 (*Proceedings and Actions by the Note Trustee*), clause 26 (*Appointment of Note Trustees*) and clause 27 (*Notice of a New Note Trustee*) of the Note Trust Deed and Condition 11 (*Events of Default*), Condition 12 (*Enforcement*) and Condition 14 (*Meetings of Noteholders*) and the Provisions for Meetings of Noteholders;
- (iii) any discretion, power or authority, whether contained in the Note Trust Deed or provided by law, which the Note Trustee is required to exercise in or by reference to the interests of the Noteholders or any of them; and
- (iv) any determination by the Note Trustee whether any event, circumstance or matter is, in its opinion, materially prejudicial to the interests of the Noteholders of any Series,

those Notes (if any) which are for the time being held by or by any person for the account of the Issuer, the Group Borrower or any relevant Borrower shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

“**Paying Agency Agreement**” means the paying agency agreement entered into between the Issuer, the Paying Agents, the Agent Bank and the Note Trustee on the Programme Date;

“**Paying Agents**” means the Principal Paying Agent and any other paying agent appointed by the Issuer in accordance with the terms of the Paying Agency Agreement;

“**Payment Business Day**” means:

- (a) if the currency of payment is Euro, any day which is:
 - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (ii) in the case of payment by transfer to an account, a TARGET2 Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not Euro, any day which is:
 - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

- (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

“Post-Enforcement Payments Priorities” means, in relation to a Series, the provisions relating to the order of priority of payments of the Issuer after the delivery of an Issuer Enforcement Notice as set out in the Note Security Deed;

“Potential Event of Default” means any event which may become (with the passage of time, the giving of notice, the making of any determination or certification or any combination thereof) an Event of Default;

“Pre-Enforcement Payments Priorities” means, in relation to a Series, the provision relating to the order of priority of payments of the Issuer prior to the delivery of an Issuer Enforcement Notice as set out in the Note Trust Deed;

“Principal Amount Outstanding” means, on any day:

- (a) in relation to a Note, the principal amount of that Note upon issue less the aggregate amount of any principal payments in respect of that Note which have become due and payable (and been paid) on or prior to that day; and
- (b) in relation to the Notes of a Series outstanding at any time, the aggregate of the amount in (a) in respect of all Notes outstanding of that Series;

“Principal Financial Centre” means, in relation to any currency, the principal financial centre for that currency *provided, however, that* in relation to Euro, it means the principal financial centre of such Member State of the European Communities as is selected by the Agent Bank;

“Principal Paying Agent” means The Bank of New York Mellon, acting through its London branch at One Canada Square, London E14 5AL, in its capacity as principal paying agent in respect of the Notes in accordance with the terms of the Paying Agency Agreement;

“Programme Date” means 13 October 2008, which is the date on which the Issuer entered into the Issuer Programme Transaction Documents;

“Provisions for Meetings of Noteholders” means the provisions contained in Schedule 5 (*Provisions for Meetings of Noteholders*) to the Note Trust Deed;

“Rating Agencies” means, at any time, any of Fitch, Moody’s, S&P or any other such rating agency which is rating the Programme or any Series of Notes at the relevant time and **“Rating Agency”** means any one of such Rating Agencies;

“Receiptholders” means the holders of Receipts;

“Receipts” means the principal receipts relating to the Notes;

“Receiver” means any receiver, manager, receiver and manager or administrative receiver appointed by the Note Trustee under the Note Security Deed or under the Note Trustee’s statutory power relating thereto in respect of the Issuer;

“Reference Banks” means the principal London office of four major banks selected by the Agent Bank at the relevant time;

“Reference Rate” has the meaning given in the relevant Final Terms;

“Regular Period” means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Note Payment Date and each successive period from and including one Note Payment Date to but excluding the next Note Payment Date;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **“Regular Date”** means the day and month (but not the year) on which any Note Payment Date falls; and
- (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and

including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Note Payment Date falls other than the Note Payment Date falling at the end of the irregular Interest Period;

“**Relevant Date**” means, in respect of any payment in relation to the Notes, 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 by the Principal Paying Agent or the Note 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 Noteholders in accordance with the Notices Condition;

“**Relevant Screen Page**” means the page, section or other part of a particular information service (including, without limitation, the Reuter Money 3000 Service) specified as the *Relevant Screen Page* in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“**Relevant Time**” has the meaning given in the relevant Final Terms;

“**Reserved Matter**” means any proposal:

- (a) to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest due on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment;
- (b) (except in accordance with Condition 19 (*Substitution of Issuer*) and clause 18 (*Substitution*) of the Note Trust Deed) to effect the exchange, conversion or substitution of the Notes for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
- (c) to change the currency in which amounts due in respect of the Notes are payable;
- (d) to alter the priority of payment of interest or principal in respect of the Notes;
- (e) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution; or
- (f) to amend this definition;

“**S&P**” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc.;

“**Screen Rate**” is determined in accordance with Condition 7.7 (*Screen Rate Determination*) subject to Condition 7.6 (*Interest on Floating Rate Notes*);

“**Security Beneficiaries**” means the persons defined as “Security Beneficiaries” in the Security Trust Deed and “**Security Beneficiary**” means each of them;

“**Security Trust Deed**” means the security trust deed dated 24 May 2007 between the Guarantors and the Security Trustee as amended or supplemented or acceded to from time to time;

“**Security Trustee**” means the person who acts in the capacity as trustee on behalf of the Security Beneficiaries of the underlying security created by the Borrowers in accordance with the terms of the Security Trust Deed which terms shall include any person or persons which may become Security Trustee(s) in accordance with the Security Trust Deed;

“**Series**” means a series of Notes issued under the Programme;

“**Series Assets**” means, in relation to a Series, all the assets of the Issuer which are subject to the Series Security in relation to such Series;

“**Series Closing Date**” means, in relation to a Series, the date specified as such in the relevant Final Terms for that Series;

“**Series Secured Creditors**” means, in relation to a Series, each of the Note Trustee, any Receiver or any other appointee of the Note Trustee, the Accounts Bank, the Agent Bank, the Paying Agents,

any Swap Counterparties, any Dealers in relation to such Series, the Noteholders in relation to such Series and all other secured creditors of the Issuer in relation to that Series as specified in the relevant Final Terms and “**Series Secured Creditor**” means any one of them;

“**Series Security**” means, in relation to a Series, the security (other than the security created by the floating charge granted under the Note Security Deed) granted by the Issuer over its assets in relation to such Series and held by the Note Trustee for the benefit of the Noteholders and the other Series Secured Creditors of the Issuer for such Series pursuant to the Note Security Deed;

“**Specified Currency**” has the meaning given in the relevant Final Terms;

“**Specified Denomination(s)**” has the meaning given in the relevant Final Terms;

“**Specified Office**” means, in relation to any Agent:

- (a) the office specified against its name in the Notices Details or, if different, the office specified in the Final Terms; or
- (b) such other office as such Agent may specify in accordance with clause 6.8 (*Changes in Specified Offices*) of the Paying Agency Agreement;

“**Specified Period**” has the meaning given in the relevant Final Terms;

“**Spens Redemption Amount**” means the higher of the following:

- (a) par; and
- (b) the price, determined by the Market Maker, and expressed as a percentage (rounded to three decimal places, 0.0005 being rounded upwards), at which the Gross Redemption Yield on the Notes, if they were to be purchased at such price on the fifth Business Day prior to the due date for redemption of the Notes (the “**Determination Date**”), would be equal to the Gross Redemption Yield on the Determination Date of the Benchmark Gilt, on the basis of the middle market price of the Benchmark Gilt prevailing at 11.00 a.m. on the Determination Date.

“**Sterling**”, “**GBP**”, and “**£**” denote the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland;

“**Sterling Notes**” means, in respect of a Series of Notes, Notes specified in the relevant Final Terms as denominated in Sterling and each a “**Sterling Note**”;

“**Supplement**” means, in respect of a Series of Notes, any supplement prepared and issued in connection with such Series;

“**Swap Agreement**” means any swap agreement entered into with a Swap Counterparty in relation to a Series and “**Swap Agreements**” means all of them;

“**Swap Counterparty**” means any swap counterparty appointed in accordance with a Swap Agreement as specified in the relevant Final Terms and “**Swap Counterparties**” means all of them;

“**Talon**” means a talon for further Coupons;

“**TARGET2 Settlement Day**” means any day on which the TARGET2 System is open;

“**TARGET2 System**” means the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) system;

“**Tax**” shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) imposed or levied by or on behalf of any Taxing Authority in the Issuer Jurisdiction and “**Taxes**”, “**taxation**”, “**taxable**” and comparable expressions shall be construed accordingly;

“**Tax Deduction**” means any deduction or withholding on account of Tax;

“**Taxing Authority**” means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world including HM Revenue & Customs;

“**Transaction Account**” means an account of the Issuer with the Accounts Bank set up in respect of a Series of Notes and “**Transaction Accounts**” means any one of them;

“**Transaction Party**” means any person who is a party to an Issuer Transaction Document (other than any Account Chargor) and “**Transaction Parties**” means some or all of them;

“**Treaty**” means the Treaty of Rome of 25 March 1957 establishing the European Community, as amended from time to time;

“**Trust Documents**” means the Note Trust Deed and the Note Security Deed and (unless the context requires otherwise) includes any deed or other document executed in accordance with the provisions of the Note Trust Deed or (as applicable) the Note Security Deed (in each case, as supplemented, amended or restated from time to time);

“**U.S. dollars**” and “**USD**” denote the lawful currency for the time being of the United States of America;

“**VAT**” means value added tax provided for in the VAT Legislation and any other tax of a similar fiscal nature whether imposed in the United Kingdom (instead of or in addition to value added tax) or elsewhere;

“**VAT Legislation**” means the Value Added Tax Act 1994; and

“**Written Resolution**” means a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the Notes of the relevant Series who are entitled to receive notice of a Meeting in accordance with the Provisions for Meetings of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such Noteholders provided that notice of such resolution has been given to all the Noteholders of the relevant Series.

2.2 Interpretation

Unless otherwise defined herein, words and expressions used in these Conditions have the constructions ascribed to them in the Master Definitions Schedule.

3. Form, Denomination and Title

3.1 **Form and denomination:** The Notes are serially numbered and in bearer form in the Specified Currency and the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Receipts and Talons attached at the time of issue. In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination.

3.2 **Title:** Title to the Notes, Coupons, Receipts and Talons will pass by delivery. The holder of any Note, Coupon, Receipt or Talon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder.

4. Status and Ranking

4.1 **Status and Ranking:** The Notes of each Series constitute direct, unsubordinated, secured obligations of the Issuer and will at all times rank *pari passu* without preference or priority amongst themselves.

4.2 **Sole Obligations:** The Notes are obligations of the Issuer only and are not obligations or responsibilities of, or guaranteed by, any of the other Transaction Parties or any Account Chargors.

5. Series Security

5.1 **Series Security:** The Notes of a Series are secured by the Series Security.

5.2 **Enforceability:** The Series Security will become enforceable upon the delivery by the Note Trustee of an Issuer Enforcement Notice in accordance with Condition 11 (*Events of Default*) and subject to the matters referred to in Condition 12 (*Enforcement*). The Note Security Deed provides that upon enforcement, certain fees, expenses, costs, charges and liabilities in relation to a Series will rank in priority to amounts owing by the Issuer under the Notes of such Series.

5.3 **Shared Security:** If “Shared Security” is specified as applicable in the relevant Final Terms, the Underlying Security in relation to a Series may also be allocated to one or more other Series.

- 5.4 **Addition of Scottish and Northern Irish Charged Properties:** In the event that the Underlying Security is to include properties situated in Northern Ireland and/or Scotland, the Conditions, the Note Security Deed and the other Transaction Documents shall be amended in such manner as the Note Trustee may require to take account of the jurisdiction of such Underlying Security. For the avoidance of doubt, it is not contemplated that properties situated in Northern Ireland and/or Scotland will be permitted Underlying Security a Series of Notes to the extent that the Charged Properties originally allocated were not situated in Northern Ireland and/or Scotland.

6. Issuer Covenants

- 6.1 **General Covenants:** The Issuer Covenants set out in the Incorporated Terms Memorandum contain certain covenants in favour of the Note Trustee from the Issuer which, amongst other things, restrict the business of the Issuer to that of a company which has as its purpose raising finance, on-lending such finance and entering into swaps for the benefit of the members of the Circle Anglia Group. So long as any Note remains outstanding, the Issuer shall comply with the Issuer Covenants.
- 6.2 **Information Covenants:** For so long as any of the Notes remain outstanding, the Issuer shall:
- 6.2.1 send to the Note Trustee and, upon request by any Noteholder to the Issuer, make available to such Noteholder at the Issuer's registered office during normal business hours, a copy of each Compliance Certificate promptly upon receipt of the same from the Group Borrower pursuant to the terms of the relevant Loan Facility Agreement;
- 6.2.2 send to the Note Trustee and, upon request by any Noteholder to the Issuer, make available to such Noteholder at the Issuer's registered office during normal business hours, a copy of the annual reports of the Group Borrower and each of the Borrowers promptly upon publication of the same by the Group Borrower and the Borrowers respectively; and
- 6.2.3 at the request of Noteholders holding not less than 33 per cent. in nominal amount of the Notes of any Series for the time being outstanding, convene a meeting of the Noteholders of such Series to discuss the financial position of the Issuer and the Circle Anglia Group, provided, however, that the Issuer shall not be required to convene any such meeting pursuant to this Condition 6.2.3 more than once in any calendar year. Upon the request of Noteholders to convene any such meeting, as aforesaid, the Issuer shall notify all Noteholders of the relevant Series of the date (which such date shall be no more than 21 days following such request), time and place of the meeting in accordance with Condition 21 (*Notices*). The Issuer shall act in good faith in addressing any questions regarding the financial position of itself or any other member of the Circle Anglia Group raised at any such meeting, provided, however, that the Issuer shall not be obliged to disclose any information which it, in its absolute discretion, considers to be of a confidential nature. For the avoidance of doubt, the provisions of this Condition 6.2.3 are in addition to the meetings provisions set out in Condition 14 (*Meetings of Noteholders*).

7. Interest

- 7.1 **Accrual of Interest and Interest Payments:** Each Note bears interest on its Principal Amount Outstanding from the Interest Commencement Date at the Note Rate, subject as provided in Condition 9 (*Payments*). Interest on each Note is payable (in the case of Sterling Notes) in Sterling, (in the case of Euro Notes) in Euro and (in the case of Dollar Notes) in U.S. dollars in arrear on each Note Payment Date, in an amount equal to the Interest Amount in respect of such Note for the Interest Period ending on such Note Payment Date.
- 7.2 **Cessation of Interest:** Each Note shall cease to bear interest from its due date for final redemption unless, upon due presentation, payment of the principal is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of:
- 7.2.1 the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
- 7.2.2 the day which is seven days after the Principal Paying Agent or the Note Trustee has notified the Noteholders that it has received all sums due in respect of such Series of Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

- 7.3 **Interest on Fixed Rate Notes:** Conditions 7.4 (*Fixed Coupon Amount*) and 7.5 (*Calculation of Interest Amount for Fixed Rate Notes*) are applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- 7.4 **Fixed Coupon Amount:** The amount of interest in respect of each Note payable on each Note Payment Date in respect of any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount (if specified in the relevant Final Terms) in respect of the relevant Specified Denomination. In respect of the first and the last Note Payment Dates, payments of interest will, if so specified in the relevant Final Terms, amount to the Broken Amount so specified.
- 7.5 **Calculation of Interest Amount for Fixed Rate Notes:** Upon or as soon as practicable after each Interest Determination Date, the Issuer shall calculate (or shall instruct the Agent Bank to calculate) the amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount or a Broken Amount is not specified such amount shall be calculated by applying the Note Rate to the Calculation Amount, and multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest unit of the Specified Currency (half a unit being rounded upwards or otherwise in accordance with market convention). Where the Specified Denomination of a Fixed Rate Note is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.
- 7.6 **Interest on Floating Rate Notes:** Conditions 7.7 (*Screen Rate Determination*), 7.8 (*ISDA Determination*) and 7.9 (*Calculation of Interest Amount for Floating Rate Notes*) are applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- 7.7 **Screen Rate Determination:** If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Note Rate(s) is/are to be determined, the Note Rate applicable to the Notes for each Interest Period will be determined by the Agent Bank on the following basis:
- 7.7.1 if the Reference Rate is a composite quotation or customarily supplied by one entity, the Agent Bank will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- 7.7.2 in any other case, the Agent Bank will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- 7.7.3 if, in the case of 7.7.1 above, such rate does not appear on that page or, in the case of 7.7.2 above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Agent Bank will:
- (A) request the Principal Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Principal Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
- (B) determine the arithmetic mean of such quotations; and
- 7.7.4 if fewer than two such quotations are provided as requested, the Agent Bank will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Agent Bank) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Agent Bank, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,
- and the Note Rate for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided, however, that* if the Agent Bank is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Note Rate applicable to the Notes during such

Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- 7.8 **ISDA Determination:** If ISDA Determination is specified in the relevant Final Terms as the manner in which the Note Rate(s) is/are to be determined, the Note Rate applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “**ISDA Rate**” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA 2006 Definitions) that would be determined by the Agent Bank under an interest rate swap transaction if the Agent Bank were acting as calculation agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA 2006 Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA 2006 Definitions) is as specified in the relevant Final Terms;
 - (ii) the Designated Maturity (as defined in the ISDA 2006 Definitions) is a period specified in the relevant Final Terms; and
 - (iii) the relevant Reset Date (as defined in the ISDA 2006 Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) or on the Euro-zone interbank offered rate (EURIBOR), the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- 7.9 **Calculation of Interest Amount for Floating Rate Notes:** Upon or as soon as practicable after each Interest Determination Date, the Issuer shall instruct the Agent Bank to calculate the Interest Amount payable on the Floating Rate Notes for the relevant Interest Period by applying the Note Rate to the Calculation Amount and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency (half a unit being rounded upwards or otherwise in accordance with applicable market convention). Where the Specified Denomination of a Floating Rate Note is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.
- 7.10 **Rounding:** For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified):
- (i) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up);
 - (ii) all figures will be rounded to seven significant figures (with halves being rounded up); and
 - (iii) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes, “**unit**” means, with respect to any currency other than Euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to Euro, means Euro 0.01.
- 7.11 **Notification of Note Rate, Interest Amount and Note Payment Date:** In respect of Floating Rate Notes, as soon as practicable after each Interest Determination Date, the Agent Bank will cause:
- 7.11.1 the Note Rate for the Notes for the related Interest Period;
 - 7.11.2 the Interest Amount for the Notes for the related Interest Period; and
 - 7.11.3 the Note Payment Date next following the related Interest Period,
- to be notified to the Issuer, the Note Trustee, the Principal Paying Agent and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation.
- 7.12 **Publication of Note Rate, Interest Amount and Note Payment Date:** As soon as practicable after receiving each notification of the Note Rate, the Interest Amount and the Note Payment Date in accordance with Condition 7.11 (*Notification of Note Rate, Interest Amount and Note Payment Date*) the Issuer will cause such Note Rate and Interest Amount for the Notes and the next following Note Payment Date to be published in accordance with the Notices Condition.
- 7.13 **Amendments to Publications:** The Note Rate and the Interest Amount for the Notes and the Note Payment Date so published may subsequently be amended (or appropriate alternative

arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Interest Period.

- 7.14 **Determination or Calculation by Note Trustee:** If the Agent Bank does not at any time for any reason determine the Note Rate or the Interest Amount for the Notes in accordance with this Condition, the Note Trustee may (but without any liability accruing to the Note Trustee as a result):

7.14.1 determine the Note Rate for each Series of Notes at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in this Condition), it shall deem fair and reasonable in all the circumstances; and/or

7.14.2 calculate the Interest Amount for of the relevant Series of Notes in the manner specified in this Condition,

and any such determination and/or calculation shall be deemed to have been made by the Agent Bank.

8. Redemption and Purchase

- 8.1 **Final Redemption:** Unless previously redeemed or purchased and cancelled as provided in this Condition or on an Amortising Basis, the Issuer shall redeem the Notes at their Principal Amount Outstanding on the Final Maturity Date as a Bullet Repayment.

- 8.2 **Early Redemption:** Subject to Condition 8.4 (*Mandatory Early Redemption*) below, if an Advance becomes prepayable in whole or in part prior to the relevant repayment date as specified in the Loan Facility Agreement (other than as a result of the Notes of the relevant Series becoming due and repayable), then the Issuer shall redeem Notes of the relevant Series in an aggregate principal amount equal to the nominal amount of the Advance to be repaid on the date which is three Business Days after that on which payment is made by the Group Borrower under the Loan Facility Agreement (the "**Loan Prepayment Date**"). Redemption of the Notes pursuant to this Condition shall be made at the Early Redemption Amount, together with any interest accrued up to, and including, the Loan Prepayment Date.

- 8.3 **Early Redemption for Taxation Reasons:** If as a result of any actual or proposed change in Tax law, the Issuer determines (in its reasonable commercial judgement), and certifies to the Note Trustee, that it would, on the next following Note Payment Date, be required to make a Tax Deduction in respect of payments to be made on such Note Payment Date and the Issuer does not opt to pay additional amounts pursuant to Condition 10.2 (*No obligation to pay additional amounts*) or, having so opted, notifies the Note Trustee of its intention to cease paying such additional amounts, the Issuer shall redeem the Notes in whole, but not in part, at their Principal Amount Outstanding (or such other amount as specified in the relevant Final Terms), together with any interest accrued up to and including the date of redemption, as soon as reasonably practicable prior to the next following Note Payment Date or, if it is not reasonably practicable for the Issuer to redeem the Notes prior to the next following Note Payment Date, within three Business Days thereafter.

- 8.4 **Mandatory Early Redemption:** If the Loan Facility in respect of a Series of Notes becomes repayable as a result of a Loan Event of Default, then the Issuer shall redeem the Notes of the relevant Series in full at their principal amount, plus accrued interest to (but excluding) the date on which the Loan Facility is repaid (the "**Loan Repayment Date**"), on the date which is three Business Days after the Loan Repayment Date.

- 8.5 **Notice of Early Redemption:** Notice of any early redemption in accordance with Conditions 8.2 (*Early Redemption*), 8.3 (*Early Redemption for Taxation Reasons*) or 8.4 (*Mandatory Early Redemption*) above shall be given by the Issuer to the Note Trustee, the Paying Agent and the Noteholders, in accordance with the Notices Condition, as promptly as practicable (but, in the case of Condition 8.2 (*Early Redemption*), shall be no later than three Business Days after the receipt by the Issuer of notice from the Group Borrower of its intention to prepay a corresponding amount pursuant to the Loan Facility Agreement).

In the case of a partial redemption of Notes, Notes to be redeemed will be selected in such place as the Note Trustee may approve and in such manner and at such time as the Note Trustee may deem appropriate and fair. Notice of any such selection will be given by the Issuer to the Noteholders as promptly as practicable. Each notice will specify the date fixed for redemption and the aggregate principal amount of the Notes to be redeemed, the serial numbers of the Notes called for redemption, the serial numbers of Notes previously called for redemption and not presented for

payment and the aggregate principal amount of the Notes which will be outstanding after the partial redemption.

- 8.6 **Calculations:** Each calculation, by or on behalf of the Issuer, of the Principal Amount Outstanding or any Early Redemption Amount shall in each case (in the absence of any Breach of Duty) be final and binding on all persons. If the Issuer does not at any time for any reason calculate the Principal Amount Outstanding or the Early Redemption Amount, such amounts may be calculated by the Note Trustee (without any liability accruing to the Note Trustee as a result) based on information supplied to it by the Issuer and each such calculation shall be deemed to have been made by the Issuer.
- 8.7 **Conclusiveness of Certificates:** Any certificate given by or on behalf of the Issuer pursuant to Condition 8.3 (*Early Redemption for Taxation Reasons*) may be relied upon by the Note Trustee without further investigation and shall be conclusive and binding on the Noteholders and the other Series Secured Creditors.
- 8.8 **Purchase of Notes by the Group Borrower or the Guarantors:** The Group Borrower or any Guarantor may at any time purchase Notes in the open market or otherwise at any price. Following any such purchase, the Group Borrower or such Guarantor, as the case may be, may (but is not obliged to) surrender the Notes to the Issuer for cancellation. Any Notes not so surrendered shall, whilst held by or for the benefit of the Group Borrower or a Guarantor, be deemed not to be outstanding for the purposes listed in the proviso to the definition of “outstanding” in Condition 2.1 (*Definitions*). An amount equal to the Principal Amount Outstanding of the Notes being surrendered shall be deemed to be prepaid under the Loan Facility Agreement (but, for the avoidance of doubt, without triggering a redemption under Condition 8.2 (*Early Redemption*)). Such surrendered and cancelled Notes shall not be available for reissue.
- 8.9 **Purchase of Notes by the Issuer:** The Issuer may not at any time purchase Notes.
- 8.10 **Cancellation of purchased or redeemed Notes:** All Notes redeemed by the Issuer pursuant to Conditions 8.2 (*Early Redemption*), 8.3 (*Early Redemption for Taxation Reasons*) and 8.4 (*Mandatory Early Redemption*) shall be cancelled and may not be issued or resold.

9. Payments

- 9.1 **Payments of Principal on Definitive Notes:** On any date, payments of principal shall be made only against presentation and surrender of the relevant Notes and, if applicable, the appropriate Receipts, at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due, or by transfer to an account denominated in that currency (or, if that currency is Euro, any other account to which Euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a Sterling cheque, a town clearing branch of a bank in the City of London).
- 9.2 **Payments of Interest on Definitive Notes:** Payments of interest shall, subject to Condition 9.9 (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons (if any) at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 9.1 (*Payments of Principal on Definitive Notes*) above.
- 9.3 **Payments in New York City:** Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.
- 9.4 **Payments subject to fiscal laws:** All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment. No commissions or expenses shall be charged to the Noteholders, Receiptholders or Couponholders in respect of such payments.
- 9.5 **Unmatured Receipts void:** On the due date for redemption of any Note pursuant to Condition 8.1 (*Final Redemption*), Condition 8.2 (*Early Redemption*), Condition 8.3 (*Early Redemption for Taxation Reasons*), Condition 8.4 (*Mandatory Early Redemption*) or Condition 11 (*Events of*

Default), all unmatured Receipts (if any) relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof. In the case of an early redemption pursuant to Condition 8.2 (*Early Redemption*) or Condition 8.4 (*Mandatory Early Redemption*) only the unmatured Receipts (if any) corresponding to the Notes redeemed shall become void.

- 9.6 ***Deductions for unmatured Coupons:*** If the relevant Final Terms specify that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons (if any) relating thereto:
- (a) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however*, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment; and
 - (b) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (i) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; *provided, however*, that where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (ii) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in this Condition 9.1 (*Payments of Principal on Definitive Notes*) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

- 9.7 ***Unmatured Coupons void:*** If the relevant Final Terms specify that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 8.3 (*Early Redemption for Taxation Reasons*), Condition 8.2 (*Early Redemption*), Condition 8.4 (*Mandatory Early Redemption*) or Condition 11 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- 9.8 ***Payments on business days:*** If the due date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- 9.9 ***Payments other than in respect of matured Coupons:*** Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 9.3 (*Payments in New York City*) above).
- 9.10 ***Partial payments:*** If a Paying Agent makes a partial payment in respect of any Note, Receipt or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- 9.11 ***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 Notes, 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 (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 16 (*Prescription*)). Upon the due date for

redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon. This Condition 9 shall apply *mutatis mutandis* to Receipts.

- 9.12 *Currency of Payment*: If any payment in respect of the Notes is payable in a Specified Currency, other than U.S. dollars, that is no longer used by the government of the country issuing such currency or the payment of public and private debts or used for settlement of transactions by public institutions in such country or within the international banking community, or in a Specified Currency that is not expected to be available, when any payment on any Notes is due, as a result of circumstances beyond the control of the Issuer, the Issuer shall be entitled to satisfy its obligations in respect of such payment by making such payment in U.S. dollars in an amount equal to the U.S. dollar equivalent of any amounts either payable by (i) the Group Borrower to the Issuer in respect of the same period under the Loan Facility Agreement or (ii) in the event that there is a Swap Agreement, the Swap Counterparty to the Issuer in accordance with any Swap Agreement in respect of the same period under such Swap Agreement. For the avoidance of doubt, such U.S. dollar equivalent shall be determined in accordance with the provisions of the Loan Facility Agreement or any Swap Agreement, as the case may be. Any payment made under such circumstances in U.S. dollars, will constitute valid payment, and will not constitute a default in respect of the Notes. For the avoidance of doubt, this Condition 9.12 shall not apply in the event that the Specified Currency is no longer in use as a result of the participation of the Specified Currency in the third stage of the European economic and monetary union.

10. Taxation

- 10.1 *Payments free of Tax*: All payments of principal and interest in respect of the Notes, Receipts and Coupons shall be made free and clear of, and without withholding or deduction for, any Taxes, unless the Issuer, the Note Trustee or any Paying Agent (as the case may be) are required by law to make any Tax Deduction. In that event, the Issuer, the Note Trustee or such Paying Agent (as the case may be) shall make such payments after such Tax Deduction and shall account to the relevant authorities for the amount so withheld or deducted.
- 10.2 *No obligation to pay additional amounts*: Subject as follows, neither the Issuer, the Note Trustee nor any Paying Agent will be obliged to pay any additional amounts to the Noteholders, Receiptholders or Couponholders as a result of any such Tax Deduction. Notwithstanding the foregoing, in the event that the Issuer would, on the next Note Payment Date, be required to make a Tax Deduction, the Issuer may, provided that it has given notice to the Noteholders and the Note Trustee of its intention to do so prior to such Note Payment Date, pay to Noteholders such additional amounts as may be necessary in order that the net amounts received by the Noteholders, Receiptholders and Couponholders, as the case may be, after such Tax Deduction will equal the amounts of principal and interest which would have been received in respect of the Notes in the absence of such Tax Deduction. If at any time the Issuer intends to cease paying such additional amounts it may do so by giving notice to the Noteholders and the Note Trustee of its intention to do so with effect from the next Note Payment Date.

11. Events of Default

- 11.1 *Events of Default*: Subject to the other provisions of this Condition, each of the following events shall be treated as an “**Event of Default**” in respect of a Series:
- 11.1.1 *Non-payment*: the Issuer fails to pay any amount of principal due in respect of any Notes of that Series within five Business Days of the due date for payment of such principal or fails to pay any amount of interest due in respect of any Notes of that Series within five Business Days of the due date for payment of such interest; or
- 11.1.2 *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of any Notes of that Series or the Trust Documents or in respect of the Issuer Covenants and such default (a) is, in the opinion of the Note Trustee, incapable of remedy or (b) being a default which is, in the opinion of the Note Trustee, capable of remedy, remains unremedied for 30 days or such longer period as the Note Trustee may agree after the Note Trustee has given written notice of such default to the Issuer; or
- 11.1.3 *Cross-default*: if (i) an Event of Default under any other Series of the Issuer becomes capable of being declared or the Notes of any other Series become due and repayable by reason of

the delivery of an Issuer Enforcement Notice in respect of such Series of Notes; (ii) any security given by the Issuer, the Group Borrower or any Guarantor in relation to the Programme becomes enforceable; or (iii) default is made by any Guarantor in making any payment due under the Deed of Guarantee and/or the Counter-Indemnity Agreement, and such Event of Default has not been remedied by the Group Borrower or any Guarantor within five Business Days; or

11.1.4 *Insolvency Event*: an Insolvency Event occurs in relation to the Issuer; or

11.1.5 *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes of that Series or the Trust Documents or the Loan Facility Agreement; or

11.1.6 *Final Terms*: if applicable, any other event as specified in the relevant Final Terms.

11.2 ***Delivery of Issuer Enforcement Notice***: If an Event of Default in respect of a Series occurs and is continuing, the Note Trustee may at its discretion and shall:

11.2.1 if so requested in writing by Noteholders holding at least 25 per cent. of the Principal Amount Outstanding of the Notes of that Series; or

11.2.2 if so directed by an Extraordinary Resolution of Noteholders of that Series,

deliver an Issuer Enforcement Notice to the Issuer (with a copy to the Accounts Bank and the Agents).

11.3 ***Conditions to delivery of Issuer Enforcement Notice***: Notwithstanding Condition 11.2 (*Delivery of Issuer Enforcement Notice*) the Note Trustee shall not be obliged to deliver an Issuer Enforcement Notice unless:

11.3.1 in the case of the occurrence of any of the events mentioned in Condition 11.1.2 (*Breach of other obligations*), the Note Trustee shall have certified in writing that the happening of such event is in its sole opinion materially prejudicial to the interests of the Noteholders; and

11.3.2 it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which, in its opinion, it may thereby become liable or which it may incur by so doing.

11.4 ***Consequences of delivery of Issuer Enforcement Notice***: Upon the delivery of an Issuer Enforcement Notice in respect of a Series, the Notes of that Series (but not the Notes of any other Series), without further action or formality, shall become immediately due and payable at their Principal Amount Outstanding (or such other amount as specified in the relevant Final Terms) together with any accrued interest on such Notes.

12. Enforcement

12.1 ***Proceedings***: Following the delivery of an Issuer Enforcement Notice in relation to a Series, the Note Trustee may at its discretion and without further notice, institute such proceedings as it thinks fit to enforce its rights under the Note Trust Deed and the other Issuer Transaction Documents in respect of that Series of Notes and enforce the Series Security pursuant to the Note Security Deed, but it shall not be bound to do so unless:

12.1.1 so requested in writing by Noteholders holding at least 25 per cent. of the Principal Amount Outstanding of the Notes of that Series; or

12.1.2 so directed by an Extraordinary Resolution of Noteholders of that Series,

and in any such case, only if it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which, in its opinion, it may incur by so doing.

12.2 ***No enforcement of Series Security for Non-Defaulted Series***: Once the Notes of a Series have become due and payable following the service of an Issuer Enforcement Notice in relation to such Series, the Note Trustee can only enforce the Series Security in relation to such Series pursuant to the provisions of the Note Security Deed. If an Issuer Enforcement Notice has been delivered by the Note Trustee in relation to a Series (the “**Defaulted Series**”), the Series Security in relation to other Series (the “**Non-Defaulted Series**”) will not as a result become enforceable (other than by reason of the delivery of an Issuer Enforcement Notice in relation to that other Non-Defaulted Series) and in such circumstances only the Series Assets in relation to the Defaulted Series will be

available for realisation by the Note Trustee or the Receiver for the benefit of the Series Secured Creditors of the Defaulted Series. To the extent that the proceeds of the enforcement of the Series Security and the Issuer Floating Charge are insufficient to repay or discharge all outstanding amounts in respect of the relevant Series, the Note Trustee shall, subject as provided herein, have no further claim in respect of amounts payable by the Issuer in respect of that Series other than as an unsecured creditor.

- 12.3 ***Restrictions on disposal of Issuer's assets:*** If an Issuer Enforcement Notice has been delivered by the Note Trustee in relation to a Series otherwise than by reason of non-payment of any amount due in respect of the Notes of such Series, neither the Note Trustee nor any Receiver will be entitled to dispose of the Series Assets or any part thereof unless either:
- 12.3.1 a sufficient amount would be realised to allow payment in full of all amounts owing to the Noteholders of that Series after payment of all other claims ranking in priority to the Notes of that Series in accordance with the Post-Enforcement Payments Priorities; or
 - 12.3.2 the Note Trustee has been advised by an investment bank or other financial adviser selected by the Note Trustee (and if the Note Trustee is unable to obtain such advice having made reasonable efforts to do so this Condition 12.3.2 shall not apply) that, in its opinion, the cash flow prospectively receivable by the Issuer 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 due in respect of the Notes of that Series after payment of all other claims ranking in priority to the Notes of that Series in accordance with the Post-Enforcement Payments Priorities and the resulting shortfall would be greater than the shortfall resulting from a disposal of such Series Assets; and
 - 12.3.3 the Note Trustee shall not be bound to make the determination contained in this Condition 12 unless the Note Trustee shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.
- 12.4 ***Appointment of Receiver:*** In certain limited circumstances the Note Trustee may, pursuant to the provisions of the Note Security Deed, appoint a Receiver over all the assets and property of the Issuer converting the floating charge into a fixed charge which ranks behind the first fixed charges over the assets and property of the Issuer identified in relation to each Series. In the event of an application to the court under paragraph 10 or of the filing of a notice of intention to appoint an administrator under paragraph 26 of Schedule B1 to the Insolvency Act by the Issuer or its directors, the Note Trustee will be required by the Note Security Deed (subject to certain conditions set out in the Note Security Deed) to appoint an administrative receiver in respect of the Issuer and the Series Assets of all Series and the Issuer Floating Charge Assets.
- 12.5 ***Powers of a Receiver:*** The Note Security Deed will provide that, where a Receiver has been appointed by the Note Trustee over all the assets and property of the Issuer pursuant to the provisions of the Note Security Deed:
- 12.5.1 if no Issuer Enforcement Notice has been delivered by the Note Trustee in respect of any Series, the powers of the Note Trustee or such Receiver will be restricted so that such Receiver will have no right to realise or dispose of any of the Series Assets relating to any Series;
 - 12.5.2 if an Issuer Enforcement Notice has been delivered by the Note Trustee in respect of one or more Series, the powers of the Note Trustee or such Receiver will be restricted so that such Receiver will only have the right to realise or dispose of any of the Series Assets relating to such Series;
 - 12.5.3 if an Issuer Enforcement Notice has been delivered by the Note Trustee in respect of all of the Series, the powers of the Note Trustee or such Receiver will not be so restricted as referred to in 12.5.1 and 12.5.2 above; and
 - 12.5.4 the powers of the Note Trustee or such Receiver will be restricted so that such Receiver will have no right to realise or dispose of any of the Issuer Floating Charge Assets (as defined in the Note Security Deed) unless and until Issuer Enforcement Notices have been delivered by the Note Trustee in respect of all of the Series of Notes,

and, in any case, a Receiver will only have the right to realise or dispose of any of the Series Assets relating to any such Series, or as the case may be, the Issuer Floating Charge Assets if the proceeds of such realisation are paid solely in accordance with the Issuer Payments Priorities and the Note Security Deed. On the appointment of a Receiver in the circumstances described in Conditions 12.5.1 and 12.5.2 above, such Receiver will, pursuant to the Note Security Deed, be directed in relation to the Non-Defaulted Series to continue to comply with all the existing contracts and make all the payments due in relation to such Non-Defaulted Series, provided that the Receiver shall not exercise any power to sell or otherwise dispose of any of the Series Assets securing any such Non-Defaulted Series, shall carry on the business of the Issuer in respect of the Series Assets securing any such Non-Defaulted Series in accordance with the Issuer Transaction Documents to which the Issuer is a party in respect of each such Non-Defaulted Series and shall apply monies received or recovered in respect of the Series Assets of any such Non-Defaulted Series in accordance with the Pre-Enforcement Payments Priorities in respect of that Series.

12.6 **Third Party Rights:** No person shall have any right to enforce any Condition or any provision of the Note Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

13. No action by Noteholders or any other Series Secured Creditor

13.1 **Only Note Trustee to take action:** Only the Note Trustee may pursue the remedies available under the general law or the Trust Documents to enforce the Series Security in relation to a Series and no Noteholder or other Series Secured Creditor in relation to such Series shall be entitled to proceed directly against the Issuer to enforce the Series Security in relation to such Series. In particular, none of the Noteholders or any other Series Secured Creditor in relation to such Series (nor any person on its or their behalf, other than the Note Trustee in the case of Condition 13.1.1 and 13.1.2) are entitled:

13.1.1 otherwise than as permitted by these Conditions, to direct the Note Trustee to enforce the Series Security in relation to such Series or take any proceedings against the Issuer to enforce the Series Security in relation to such Series;

13.1.2 to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due by the Issuer to such Noteholders or any other Series Secured Creditors or enforcing any other obligations of the Issuer under the Issuer Transaction Documents;

13.1.3 to initiate or join any person in initiating an Insolvency Event or the appointment of an Insolvency Official in relation to the Issuer (other than a Receiver appointed pursuant to the Note Security Deed) in relation to such Series; or

13.1.4 to take or join in the taking of any steps or proceedings which would result in the Issuer Payments Priorities in relation to such Series not being observed.

14. Meetings of Noteholders

14.1 **Convening:** The Note Trust Deed contains "Provisions for Meetings of Noteholders" for convening separate or combined Meetings to consider matters relating to the Notes of such Series, including the modification of any provision of these Conditions or the Note Trust Deed, which modification may be made if sanctioned by an Extraordinary Resolution of the Noteholders of such Series.

14.2 **Separate and combined meetings:** The Note Trust Deed provides that:

14.2.1 an Extraordinary Resolution which in the opinion of the Note Trustee affects the Notes of only one Series shall be transacted at a separate meeting of the Noteholders of such Series;

14.2.2 an Extraordinary Resolution which in the opinion of the Note Trustee affects the Noteholders of one or more Series of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one such Series and the Noteholders of another Series shall be transacted either at separate meetings of the Noteholders of each all such Series or at a single meeting of the Noteholders of all such Series as the Note Trustee shall determine in its absolute discretion; and

14.2.3 an Extraordinary Resolution which in the opinion of the Note Trustee affects the Noteholders of more than one Series and gives rise to any actual or potential conflict of interest between the Noteholders of such Series and the Noteholders of any other Series shall be transacted at separate meetings of the Noteholders of each such Series.

14.3 **Request from Noteholders:** A meeting of Noteholders of a Series may be convened by the Note Trustee or the Issuer at any time and must be convened by the Note Trustee (subject to its being indemnified and/or secured to its satisfaction) upon the request in writing of Noteholders of such Series holding not less than one tenth of the aggregate Principal Amount Outstanding of the Notes of such Series.

14.4 **Quorum:** The quorum at any meeting convened to vote on:

14.4.1 an Extraordinary Resolution, other than regarding a Reserved Matter, relating to the Notes of a Series will be two or more persons holding or representing a majority of the Principal Amount Outstanding of the Notes of such Series or, at any adjourned meeting, two or more persons being or representing Noteholders of such Series, whatever the Principal Amount Outstanding of the Notes so held or represented of such Series; and

14.4.2 an Extraordinary Resolution relating to a Reserved Matter in relation to a Series will be two or more persons holding or representing in the aggregate not less than 75 per cent. of the Principal Amount Outstanding of the Notes of such Series or, at any adjourned meeting, two or more persons holding or representing not less than in the aggregate $33\frac{1}{3}$ per cent. of the Principal Amount Outstanding of the Notes of such Series.

14.5 **Resolutions in writing:** A Written Resolution shall take effect as if it were an Extraordinary Resolution.

15. Modification and Waiver

15.1 **Modification:** The Note Trustee may, in relation to a Series of Notes, at any time and from time to time, without the consent or sanction of the Noteholders of that Series or any of the other Series Secured Creditors, concur with the Issuer and any other relevant parties in making:

15.1.1 any modification to these Conditions, the Trust Documents (other than in respect of a Reserved Matter or any provisions of the Trust Documents referred to in the definition of a Reserved Matter), the Notes of such Series or the other Issuer Transaction Documents, Finance Documents, Related Facility Documents or Security Documents in relation to such Series in relation to which its consent is required which, in the opinion of the Note Trustee, will not be materially prejudicial to the holders of the Notes of that Series;

15.1.2 any modification to these Conditions, the Trust Documents, the Notes of that Series or the other Issuer Transaction Documents, Finance Documents, Related Facility Documents or Security Documents in relation to such Series which its consent is required, if, in the opinion of the Note Trustee, such modification is of a formal, minor or technical nature, is made to correct a manifest error or an error which is (in the opinion of the Note Trustee) proven; or

15.1.3 any modification to the Issuer Transaction Documents which is necessary to effect the substitution of any Swap Counterparty with another entity pursuant to Condition 15.6.

15.2 **Waiver:** In addition, the Note Trustee may, without the consent of the Noteholders, Couponholders or Receiptholders or any other Series Secured Creditor in relation to such Series concur with the Issuer or any other relevant parties in authorising or waiving any proposed breach or breach of the covenants or provisions contained in the Trust Documents in relation to such Series, the Notes of such Series or any of the other Issuer Series Transaction Documents (including an Event of Default or Potential Event of Default) if, in the opinion of the Note Trustee, the holders of the Notes of such Series will not be materially prejudiced by such authorisation or waiver.

15.3 **Restriction on power to waive:** The Note Trustee shall not, in relation to a Series, exercise any powers conferred upon it by Condition 15.2 (*Waiver*) (a) in contravention of any express direction by an Extraordinary Resolution of the holders of Notes of such Series then outstanding or of a request or direction in writing made by the holders holding not less than 25 per cent. in aggregate Principal Amount Outstanding of the Notes of such Series, but so that no such direction or request shall affect any authorisation, waiver or determination previously given or made or (b) to authorise or waive any such proposed breach or breach relating to a Reserved Matter unless the Noteholders of that Series have, by Extraordinary Resolution, so authorised its exercise.

15.4 **Notification:** Unless the Note Trustee otherwise agrees, the Issuer shall, in relation to a Series of Notes, cause any such authorisation, waiver or determination to be notified to the Noteholders of that Series and the other Series Secured Creditors of that Series, as soon as practicable after it has

been made, in accordance with the Notices Condition and the relevant Issuer Transaction Documents.

- 15.5 ***Binding Nature:*** Any modification referred to in Condition 15.1 (*Modification*) or any authorisation or waiver referred to in Condition 15.2 (*Waiver*) in relation to a Series of Notes shall be binding on the Noteholders of that Series and the other Series Secured Creditors of that Series.
- 15.6 ***Substitution of a Swap Counterparty:*** The Issuer may substitute a Swap Counterparty with another entity without the consent or sanction of the Noteholders or any other Series Secured Creditors if the Rating Agencies confirm in writing to the Issuer and the Note Trustee that the current ratings of the Notes of the relevant Series will not be adversely affected by such substitution.

16. Prescription

Principal: Claims for principal in respect of Notes shall become void unless the relevant Notes (and, in the case of any principal payment which became due on a Note Payment Date, the relevant Receipts) are presented for payment and surrendered within ten years of the appropriate Relevant Date.

Interest: Claims for interest in respect of Notes, shall become void unless the relevant Coupons are presented for payment and surrendered within five years of the appropriate Relevant Date.

17. Replacement of Notes, Receipts, Coupons and Talons

If any Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and listing authority, stock exchange and/or quotation system 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 may reasonably require. Mutilated or defaced Notes, Receipts, Coupons and Talons must be surrendered before replacements will be issued.

18. Note Trustee and Agents

- 18.1 ***Note Trustee's right to Indemnity:*** Under the Issuer Transaction Documents, the Note Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed for any Liabilities incurred by it in priority to the claims of the Noteholders. In addition, the Note Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.
- 18.2 ***Note Trustee not responsible for loss or for monitoring:*** The Note Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of the Series Assets or any documents of title thereto being uninsured or inadequately insured by the Issuer. The Note Trustee shall not be responsible for monitoring the compliance by any of the other Transaction Parties with their obligations under the Issuer Transaction Documents or any Account Charges.
- 18.3 ***Regard to Classes of Noteholders:*** In the exercise of its powers and discretions under these Conditions and the Note Trust Deed and the other Issuer Transaction Documents, the Note Trustee will:
- 18.3.1 have regard to the interests of each Series of Noteholders as a class and will not be responsible for any consequence for individual Noteholders, Receiptholders or Couponholders as a result of such persons being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and
- 18.3.2 not have regard to the interests of the other Series Secured Creditors except to ensure the application of the Issuer's funds after the delivery of an Issuer Enforcement Notice in accordance with the Post Enforcement Payments Priorities.
- 18.4 ***Agents solely agents of Issuer:*** In acting under the Paying Agency Agreement and in connection with the Notes, Receipts and Coupons, the Paying Agents and the Agent Bank act solely as agents of the Issuer and (to the extent provided therein) the Note Trustee and do not assume any

obligations towards or relationship of agency or trust for or with any of the Noteholders, Receiptholders or Couponholders.

- 18.5 **Initial Paying Agents:** The initial Paying Agents and their respective initial Specified Offices are listed below. The Issuer reserves the right (with the prior written approval of the Note Trustee) to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent or agent bank and additional or successor paying agents at any time, having given not less than 30 days' notice to such Agent.
- 18.6 **Maintenance of Agents:** The Issuer shall at all times maintain (a) a Principal Paying Agent; (b) an Agent Bank; (c) a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced to conform to, such Directive; and (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, a Paying Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with the Notices Condition.

19. Substitution of Issuer

- 19.1 **Substitution of Issuer:** The Note Trustee may, at the request of the Issuer, without the consent of the Noteholders, Receiptholders or Couponholders of a Series or any other Series Secured Creditor but subject to such conditions as are specified in the Note Trust Deed (including the Rating Agencies confirming that the Notes of such Series will not be downgraded as a result), agree to the substitution of a substituted obligor (the "**Substituted Obligor**") in place of the Issuer of such Series as the principal debtor in respect of the Trust Documents, the Notes and the Issuer Secured Obligations in relation to such Series.
- 19.2 **Notice of Substitution of Issuer:** Not later than 14 days after any substitution of the Issuer in relation to such Series in accordance with this Condition, the Substituted Obligor shall cause notice of such substitution to be given to the Noteholders and the other Series Secured Creditors in accordance with the Notices Condition and the other relevant Issuer Series Transaction Documents.
- 19.3 **Change of Law:** In the case of a substitution pursuant to this Condition, the Note Trustee may in its absolute discretion, without the consent of the Noteholders, Receiptholders or Couponholders or the other Series Secured Creditors, agree to a change of the law from time to time governing the Notes and/or any of the Issuer Transaction Documents *provided that* such change of law, in the opinion of the Note Trustee, would not be materially prejudicial to the interests of the holders of the Notes of that Series.
- 19.4 **No indemnity:** No Noteholder, Couponholder or Receiptholder shall, in connection with any such substitution, be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon individual Noteholders.

20. Further Notes

The Issuer may, from time to time, without the consent of the Noteholders, Couponholders, Receiptholders or the other Series Secured Creditors in respect of any Series and in accordance with the Note Trust Deed, create and issue Further Notes having the same terms and conditions as the Notes of a Series in all respects including the benefit of the Series Security in relation to such Series (except in respect of the first payment of interest) so as to be consolidated and form a single series with such Notes of such Series.

21. Notices

- 21.1 **Valid Notices:** Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Notes are listed on the Irish Stock Exchange and the rules of that exchange so require, a leading newspaper having general circulation in Ireland (which is expected to be *The Irish Times*) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe.
- 21.2 **Date of publication:** Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which

publication shall have been made in all the required newspapers). Receiptholders and Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

- 21.3 ***Other Methods:*** The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or a category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and *provided that* notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require.

22. Governing Law

- 22.1 The Trust Documents and the Notes are governed by, and shall be construed in accordance with, English law.
- 22.2 Any non-contractual obligations or matters arising from or connected with the Trust Documents and the Notes are governed by, and shall be construed in accordance with, English law.

FORM OF FINAL TERMS

The Final Terms in respect of each Series of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Series of Notes with a denomination of at least €50,000 (or its equivalent in another currency) and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

Final Terms dated []

CIRCLE ANGLIA SOCIAL HOUSING PLC

Issue of [Aggregate Nominal Amount of Series] Series [] [Title of Notes]

due []

under the £1,500,000,000 Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [date] (the “**Base Prospectus**”) and the Supplement dated [date] (the “**Supplement**”) which together constitute a prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus and the Supplement. The Irish Financial Services Regulatory Authority has approved the Base Prospectus under Part 7 of the Prospectus Directive (2003/71/EC) Regulations 2005 (the “**Regulations**”) as having been drawn up in accordance with the Regulations and Commission Regulation (EC) No. 809/2004. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Base Prospectus and the Supplement. The Base Prospectus and the Supplement are available for viewing at [address] during normal business hours copies may be obtained from [address].

[The following alternative language applies if the first series of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [date] [and the Supplement dated [date]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated [current date] [and the Supplement dated [date]], which constitutes a prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [date] [and the Supplement dated [date]] and are attached hereto. The Irish Financial Services Regulatory Authority has approved the Base Prospectus under Part 7 of the Prospectus Directive (2003/71/EC) Regulations 2005 (the “**Regulations**”) as having been drawn up in accordance with the Regulations and Commission Regulation (EC) No. 809/2004. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms the Base Prospectuses dated [original date] and the Supplement dated [current date]. The Base Prospectuses [and Supplement] are available for viewing at [address] and during normal business hours copies may be obtained from [address].]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

[When completing final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

1. Issuer: Circle Anglia Social Housing Plc
2. Series Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).
3. Specified Currency or Currencies: [GBP/ specify other]
4. Aggregate Nominal Amount of Notes: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount
[plus accrued interest from [insert date] (if applicable)]
6. (a) Specified Denomination(s): []
(Note – where multiple denominations above €50,000 (or its equivalent in other currencies) are being used the following sample wording should be followed and amended as appropriate, for other currencies:
“[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No Notes in definitive form will be issued with a denomination above [€99,000].”)
(Note: If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the [€50,000] minimum denomination is not required.)
- (b) Calculation Amount: []
(If only one Specified Denomination, insert the Specified Denomination.
If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
7. [(i)] Series Closing Date: []
[(ii)] Interest Commencement Date: [Specify/Series Closing Date/Not applicable]
8. Final Maturity Date: [specify date or (for Floating Rate Notes) Note Payment Date falling in or nearest to the relevant month and year]
(Note: If the Notes have a maturity of less than one year from the date of their issue, it is necessary to ensure compliance with deposit taking restrictions in particular in section 19 of Financial Services and Markets Act 2000]
9. Interest Basis: [[] per cent. fixed rate]
[[specify reference rate] +/- [] per cent. floating rate]
[Other (specify)]
(further particulars specified below)
10. Redemption/Payment Basis: [Bullet Repayment/Amortising Basis/other (specify)]
11. Put/Call Options: [Not Applicable]
[(further particulars specified below)]
(Note: Conditions will need to be modified if any are required.)

12. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Note Rate: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear]
- (ii) Note Payment Date(s): [] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Additional Business Centre(s) for the definition of "Business Day"]/not adjusted]
(Note: This should be the day following the Payment Date under the Loan Facility Agreement.)
 For the avoidance of doubt, no additional interest on such monies held by the Accounts Bank or the Principal Paying Agent shall accrue for the benefit of the Noteholders in respect of the period from and including the date on which the Issuer receives a payment under the Loan Facility Agreement to and including the relevant Note Payment Date.
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form.)
- (iv) Broken Amount(s): [] per Calculation Amount payable on the Note
(Applicable to Notes in definitive form.) Payment Date falling [in/on][]
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or other]
- (vi) Regular Periods: [] in each year
(Insert regular Note Payment Dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.
Note: only relevant where Day Count Fraction is Actual/Actual (ICMA).)
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
14. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph.)
- (i) Interest Period(s): []
- (ii) Specified Period: []
(A Specified Period will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")
- (iii) First Note Payment Date: []
- (iv) Note Payment Date: []
(Note: This should be the day following the Payment Date under the Loan Facility Agreement.)
 For the avoidance of doubt, no additional interest on such monies held by the Accounts Bank or the Principal Paying Agent shall accrue for the benefit of the Noteholders in respect of the period from and including the date on which the Issuer receives a payment under the Loan Facility Agreement to and including the relevant Note Payment Date.

- (v) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ Adjustment/ No Adjustment/ other (*give details*)]
- (vi) Additional Business Centre(s): []
- (vii) Additional Financial Centre(s): []
- (viii) Manner in which the Note Rate(s) is/are to be determined: [Screen Rate Determination/ISDA Determination/ other (*give details*)]
- (ix) Agent Bank: []
- (x) Screen Rate Determination:
 – Reference Rate: []
 – Interest Determination Date(s): []
 – Relevant Screen Page: []
 – Relevant Time: [For example, 11.00 a.m. London time/Brussels time]
- (xi) ISDA Determination:
 – Floating Rate Option: []
 – Designated Maturity: []
 – Reset Date: []
- (xii) Margin(s): [+/-] [] per cent. per annum
- (xiii) Minimum Note Rate: [] per cent. per annum
- (xiv) Maximum Note Rate: [] per cent. per annum
- (xv) Day Count Fraction: [Actual/Actual (ISDA) or Actual/360 or Actual/365 (Fixed) or Actual/365 (Sterling) or 30/360 or 30E/360 or 30E/360 (ISDA) or 360/360 or other (*specify*)]
- (xvi) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
15. **Issuer Payments Priorities** As set out in the Base Prospectus
- PROVISIONS RELATING TO REDEMPTION**
16. Redemption amount payable upon delivery of an Issuer Enforcement Notice following an Event of Default: [Principal Amount Outstanding/[] per Calculation Amount/other (*specify*)/see Appendix]
17. Early Redemption Amount payable on redemption pursuant to Condition 8.2 (*Early Redemption*): [Spens Redemption Amount/[] per Calculation Amount/Principal Amount Outstanding/other (*specify*)/see Appendix]
 (*Note: If Spens is specified here consider whether the Loan will prepay Spens in all scenarios.*)
18. Early Redemption Amount payable on redemption pursuant to Condition 8.3 (*Early Redemption for Taxation Reasons*): [[] per Calculation Amount/Principal Amount Outstanding/other (*specify*)/see Appendix]
19. Final Redemption Amount: [[] per Calculation Amount/Principal Amount Outstanding/other (*specify*)/see Appendix]
20. Additional Events of Default: [Not Applicable/*give details*]
21. Benchmark Gilt: []

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes: Bearer Notes:
Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note
[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
23. Additional Financial Centre(s) or other special provisions relating to Note Payment Dates: [Not Applicable/give details.] (*Note that this item relates to the date and place of payment, and not interest period end dates, to which items 13(ii) and 14(vi) relate*)
24. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
25. Receipts to be attached to Definitive Notes: [Yes/No. *If yes, give details*]
26. Unmatured Coupons void: [Yes/No] [See Condition 9.7 (*Unmatured Coupons Void*)]
27. [Date of [board] approval for issuance of Notes obtained: []
(*Note: Only relevant where board (or similar) authorisation is required for the particular series of Notes.*)]
28. Other final terms: [Not Applicable/give details]
(*When adding any other final terms, consideration should be given as to whether such terms constitute a “significant new factor” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)
29. Financial Indebtedness Percentage: []

DISTRIBUTION

30. (i) If syndicated, names of Dealers: [Not Applicable/give names]
(ii) Stabilising Manager(s) (if any): [Not Applicable/give name]
31. If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
32. U.S. Selling Restrictions: [Reg. S compliance Category; TEFRA C/TEFRA D]
33. Additional selling restrictions: [Not Applicable/give details]

[PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on [the Irish Stock Exchange’s regulated market] of the Notes described herein pursuant to the £1,500,000,000 Note Programme of Circle Anglia Social Housing Plc.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [*Relevant third party information*] has been extracted from (*specify source*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Circle Anglia Social Housing Plc

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing and admission to trading: [Application has been made for the Notes to be admitted to trading on [the Irish Stock Exchange's regulated market] with effect from [].]
[Application is expected to be made for the Notes to be admitted to trading on [the Irish Stock Exchange's regulated market] with effect from [].] [Not Applicable.]
(Note: Notes with a maturity longer than 365 days and which are to be cleared through the clearing systems should be listed in all cases.)
- (ii) [Net proceeds: [] (Required only for listed issuers)]
- (iii) Estimate of total expenses related to admission to trading: []

2. RATINGS

- Ratings: The Notes to be issued have been granted the following ratings:
[S&P: []]
[Moody's: []]
[Fitch: []]
[[Other]: []]
(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in [“Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Base Prospectus Directive.)]

4. [Fixed Rate Notes only – YIELD]

- Indication of yield: [].
The yield is calculated at the Series Closing Date on the basis of the Issue Price. It is not an indication of future yield.]

5. DETAILS OF THE LOAN FACILITY AGREEMENT AND UNDERLYING SECURITY

Loan Facility Agreement Standard Terms dated and signed for identification on or about the Programme Date, as supplemented by the Loan Transaction Terms dated [Series Closing Date] between the Issuer and the Group Borrower.

The Group Borrower's obligations in respect of the Loan Facility Agreement are secured pursuant to the Security Trust Deed. The following is a summary of the Underlying Security as set out in the Loan Transaction Terms:

Allocation/Appportionment Basis:

[Specific Allocation Basis]/[Numerical Appportionment Basis]

[Provisions relating to Specific Allocation Basis:

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

For the purposes of Clause 5.1 (*Basis for apportionment of Charged Properties*) of the Security Trust Deed, it is hereby designated that the Specific Allocation Basis shall apply to the underlying Security granted to secure the payment and performance of the Guarantors' obligations under the Guarantee as such obligations relate to the Loan Facility Agreement.

Minimum Value of the SAB Charged Properties:

[*N.B. If other than specified in the Loan Facility Agreement Final Terms to be amended here.*]]

[Provisions relating to Numerical Appportionment Basis:

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)]**(If the Numerical Appportionment Basis is designated amendments will need to be made to the Security Trust Deed.)*

Minimum Value of the NAB Charged Properties:

[*N.B. If other than specified in the Loan Facility Agreement Final Terms to be amended here.*]]

Charged Properties:

[]

Valuations:

[Desk-top valuation within three months of 31 March in each year (commencing on 31 March 2010) and Valuation on each successive fifth Anniversary]

Shared Security:

[Applicable/Not Applicable]

[If the underlying security in relation to a Series is also allocated to other Series, the Note Security Deed and the other Transaction Documents will need to be amended to take account of such allocation.]

6. DETAILS OF TRANSACTION ACCOUNT

Transaction Account No.:

[]

Transaction Account Name:

[]

Sort Code:

[]

Specified Offices of Paying Agent:

[]

7. OPERATIONAL INFORMATION

ISIN Code:

[]

Common Code:

[]

Any clearing system(s) (other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*) and the relevant identification number(s):

[Not Applicable/give name(s) and number(s)]

Delivery:

Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): The Bank of New York Mellon, acting through its London branch at One Canada Square, London E14 5AL

Names and addresses of additional Paying Agent(s) (if any): []

8. VALUATION REPORTS AND VALUER'S INFORMATION

Valuation reports in relation to the Charges Properties relating to the Series are attached as Appendix A to these Final Terms.

The Valuer has consented to the inclusion of the Valuation Reports attached as Appendix A (*Valuation Reports*) to these Final Terms.

The information in the Valuation Report has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by the Valuer, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Valuer's name and organisation: []

Qualifications: []

Business address: []

[Material Interest in the Issuer (if any): []]

APPENDIX A

VALUATION REPORTS

USE OF PROCEEDS

Unless otherwise specified in the relevant Final Terms or the relevant Supplement, as the case may be, the proceeds of the issue of the Notes of each Series will be advanced by the Issuer to the Group Borrower pursuant to a Loan Facility Agreement and the Group Borrower will in turn on-lend such funds to the Borrowers pursuant to an On-Loan Agreement made between the Group Borrower and the relevant Borrowers.

PRINCIPAL FEATURES OF A LOAN FACILITY

LOAN FACILITY

The following description of the Loan Facility Agreement consists of a summary of certain provisions of the Loan Facility Agreement and is qualified by reference to the detailed provisions thereof. The following summary does not purport to be complete and prospective investors must refer to the Loan Facility Agreement for detailed information regarding the Loan Facility Agreement.

Terms used in this section but not otherwise defined in this Base Prospectus have the meanings given to them in the Loan Facility Agreement Standard Terms.

The Issuer as the Loan Facility Provider shall make a Loan Facility available to the Group Borrower from time to time on the Series Closing Date of an issuance of a Series. Each Loan Facility will be a secured, guaranteed term loan facility made available pursuant to a Loan Facility Agreement. It is intended that the amount of the Loan given under each relevant Loan Facility Agreement will correspond to the proceeds of the issue of the related Series of Notes.

Each Loan Facility is intended to provide finance for the Group Borrower, the proceeds of which shall be on-lent by the Group Borrower to one or more Guarantors under the terms of the On-Loan Agreement and which will be used by such Guarantors for any purpose consistent with such Guarantor being a Registered Social Landlord.

The Group Borrower is entitled to borrow, has borrowed and will borrow from other lenders who also have the benefit of the Deed of Guarantee and the Underlying Security provided by the Guarantors and the Group Borrower to the extent that it is relevant in relation to the loan documentation between the Obligors and such lender.

Loan Facility Agreement

Each Loan Facility will be documented pursuant to a Loan Facility Agreement entered into between the Issuer (in its capacity as lender of the Loan Facility) and the Group Borrower (as borrower) and which will be comprised of the loan facility agreement standard terms (the “**Loan Facility Agreement Standard Terms**”) made between the Issuer and the Group Borrower and signed for identification on or about the Programme Date and each loan transaction terms (each “**Loan Transaction Terms**”) in respect of the relevant Series which will be made between the Issuer and the Group Borrower and which will be dated on or about the relevant Series Closing Date.

Advances

Subject to the Conditions Precedent Documents being received and the conditions for an advance to be made being satisfied in accordance with the Loan Facility Agreement on the relevant Series Closing Date, the Issuer shall advance the Total Advance Amount to the Group Borrower on the relevant Series Closing Date.

The Total Advance Amount will be specified in the relevant Loan Transaction Terms.

Interest Basis of Advances

An Advance under the Loan Facility can be made either as a Floating Advance on a floating rate basis or as a Fixed Advance on a fixed rate basis. The interest rate basis of an Advance will be specified in the Loan Transaction Terms related to a Series.

Interest Rate

The rate of interest on each Advance for each Loan Interest Period will be specified in the relevant Loan Transaction Terms. The Group Borrower will pay accrued interest on each Advance on the Payment Date specified in the relevant Loan Transaction Terms.

Loan Interest Periods

The Loan Interest Periods in respect of each Advance shall start on (and include) a Payment Date (or in respect of the first Loan Interest Period, on (and include) the Series Closing Date) and shall end on (but exclude) the next (or first) Payment Date. The last Loan Interest Period shall end on (but exclude) the Final Maturity Date of such Advance (each, a “**Loan Interest Period**”).

Repayment Basis

If an Advance is specified to be repayable on an “Amortising Basis” in the Loan Transaction Terms, the Group Borrower shall, on or before each Repayment Date, repay such an amount as shall ensure that the principal amount of each Advance does not exceed the amount set out opposite that Repayment Date in respect of each Advance in the column headed “Facility Balance” in the Repayment Profile and the Group Borrower shall ensure that, in any event, each Advance is repaid in full by the Final Maturity Date. If an Advance is specified to be repayable in a “Bullet Repayment” in the Loan Transaction Terms, the Group Borrower shall repay the entire principal outstanding on such Advance on the Final Maturity Date.

Right of Prepayment

Subject as follows, if “Prepayment” is specified in the relevant Loan Transaction Terms as “Applicable” the Group Borrower may, at any time, give the Issuer ten Business Days’ notice of its intention to prepay all or part (being an amount not less than the Minimum Prepayment Amount) of an outstanding Advance to the Issuer and any prepayment so made shall satisfy the Group Borrower’s obligations under Clause 6.1 (*Repayment of the Advances*) to the extent of such prepayment and shall be applied against such Advance or Advances as the Group Borrower shall specify and, in the case of an Advance which is specified to be repayable on an Amortising Basis, shall be applied to reduce the amounts set out in the Repayment Profile *pro rata*. In the case of a Fixed Advance, any prepayment made shall be made at an amount equal to the Spens Prepayment Amount unless otherwise stated in the relevant Loan Transaction Terms. In the case of a Floating Advance, any prepayment made shall be equal to the amount of principal to be prepaid under such Advance unless otherwise stated in the relevant Loan Transaction Terms.

Mandatory Prepayment

If the related Series of Notes becomes redeemable prior to the Final Maturity Date, other than as a result of a prepayment under or a termination of the Loan Facility Agreement, the Group Borrower shall repay the entire principal outstanding on the corresponding Advance on the Business Day prior to the relevant date of redemption.

Illegality

If it becomes unlawful for the Issuer to perform any of its obligations under the Loan Facility Agreement or to fund or maintain the Loan:

- (a) the Issuer shall promptly notify the Group Borrower upon becoming aware of such event; and
- (b) the Group Borrower shall repay the Loan in full on the last day of the Loan Interest Period next following the date on which notification in accordance with the Loan Facility Agreement is given.

Purchase of Notes by Group Borrower

Each of the Group Borrower and the Guarantors may at any time purchase Notes in the open market or otherwise at any price. Following any such purchase the Group Borrower or such Guarantor, as the case may be, may (but is not obliged to) surrender such Notes to the Issuer for cancellation. An amount equal to the Principal Amount Outstanding of the Notes being surrendered shall be deemed to be prepaid under the Loan Facility Agreement (which in the case of an Advance which is specified to be repayable on an Amortising Basis, shall be deemed to be applied to reduce the amounts set out in the Repayment Profile *pro rata*). Such surrendered and cancelled Notes shall not be available for reissue.

Tax Deduction and Gross Up on Loan Payments

The Group Borrower is required under each Loan Facility Agreement to make all payments to be made by it without any deduction or withholding for or on account of Tax under a Loan Facility (a “**Tax Deduction**”), unless a Tax Deduction is required by law.

The Group Borrower shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Issuer accordingly. Similarly, the Issuer on becoming so aware in respect of a payment payable to the Issuer shall notify the Group Borrower.

If a Tax Deduction is required by law to be made by the Group Borrower in respect of any payment under a Loan Facility, the amount of the payment due from the Group Borrower shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would

have been due if no Tax Deduction had been required (a “**Tax Gross Up**”) subject to certain provisos in the Loan Facility Agreement.

Tax Indemnity

The Group Borrower shall (within three Business Days of demand by the Issuer) pay to the Issuer an amount equal to the loss, liability or cost which the Issuer determines will be or has been (directly or indirectly) suffered for or on account of Tax by the Issuer in respect of a Finance Document or the Group Borrower Security Deed.

The above shall not apply (i) with respect to any Tax assessed on the Issuer under the law of the United Kingdom or, if different, the jurisdiction (or jurisdictions) in which the Issuer is treated as resident for tax purposes, if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by the Issuer; or (ii) to the extent a loss, liability or cost is compensated for by an increased payment under the Tax Gross Up described above.

Tax Credit

If the Group Borrower makes a Tax Payment and the Issuer determines that:

- (a) a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part, or to that Tax Payment; and
- (b) the Issuer has obtained, utilised and retained that Tax Credit,

the Issuer shall pay an amount to the Group Borrower which the Issuer determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Group Borrower.

Optional Tax Gross-Up on Note payments

If as a result of any actual or proposed change in Tax law, the Issuer determines (in its reasonable commercial judgement) that it would on the next following Note Payment Date be required to make a Tax Deduction (as defined in the Conditions) in respect of payments to be made by the Issuer to the Noteholders pursuant to the Conditions, the Group Borrower may (but, for the avoidance of doubt, shall not be obliged to), in its sole discretion, pay to the Issuer such additional amounts as will enable the Issuer (after such Tax Deduction (as defined in the Conditions)) to pay to the Noteholders, Receiptholders and Couponholders the amounts of principal and interest which they would have received in respect of such Series of Notes in the absence of such Tax Deduction (as defined in the Conditions). The Group Borrower shall continue to pay such additional amounts to the Issuer unless and until the Group Borrower delivers to the Issuer a notice stating that it shall cease to make such additional payments with effect from the next following Note Payment Date. If the Group Borrower opts not to pay the Issuer such additional amounts or ceases to pay such additional amounts, then the Issuer must redeem the Notes under Condition 8.3 (*Redemption and Purchase*) and a corresponding amount under the Loan Facility shall become repayable.

Representations by the Group Borrower

The Group Borrower will make the following representations and warranties to the Issuer in the Loan Facility Agreement on each Series Closing Date subject to the provisos in the Loan Facility Agreement Standard Terms.

- (a) **Status:** It is a limited liability company incorporated under the laws of England and Wales and registered under the Companies Act with power to own its assets and carry on its business as that business is and will be conducted.
- (b) **Due Authorisation:** It is duly established under the laws of England and Wales with power to execute and deliver the Group Borrower Security Deed, the Finance Documents and the Security Documents to which it is a party and to exercise its rights and perform its obligations thereunder and all corporate and other action required to authorise its execution and delivery of the Group Borrower Security Deed, the Finance Documents and the Security Documents to which it is a party and its performance of its obligations thereunder has been duly taken.
- (c) **Validity and admissibility in evidence:** All acts, authorisations, consents, conditions and things required to be done, fulfilled and performed in order to:
 - (i) enable it to carry on its business and ordinary activities;

- (ii) enable it lawfully to enter into, exercise its rights under, and perform and comply with, the obligations expressed to be assumed by it in the Group Borrower Security Deed, each of the Finance Documents and each of the Security Documents to which it is a party;
 - (iii) ensure that the obligations expressed to be assumed by it in the Group Borrower Security Deed, each of the Finance Documents and each of the Security Documents to which it is a party are legal, valid, binding and (subject to certain reservations) enforceable; and
 - (iv) make the Group Borrower Security Deed, the Finance Documents and the Security Documents to which it is a party, admissible in evidence in England and Wales,
- have been done, fulfilled and performed (or will be, subject to due registration within applicable registration periods).
- (d) **Binding Obligations:** The obligations expressed to be assumed by it in the Group Borrower Security Deed, the Finance Documents and the Security Documents to which it is a party are legal, valid, binding and (subject to certain reservations) enforceable obligations.
 - (e) **No material defaults:** It is not in breach of, or in default under, any agreement to which it is a party, or which is binding on it or any of its assets, to an extent or in a manner which could reasonably be expected (directly or indirectly) to have a MAE (as defined below) on the Group Borrower, and no Loan Event of Default or potential Loan Event of Default is outstanding or would result from the execution of any Finance Documents to which it is a party.
 - (f) **No material proceedings:** No litigation, arbitration, action or administrative proceeding of or before any court, arbitral body or agency which could reasonably be expected to have a MAE on the Group Borrower has been started or threatened against the Group Borrower and which has not been disclosed in writing to the Issuer.
 - (g) **No Material Adverse Effect:** Since its date of incorporation, there has been no MAE on the Group Borrower or the Group Borrower Security Deed.
 - (h) **No change in activities:** There has been no substantial change in the general nature and scope of the activities of the Group Borrower as a funding treasury vehicle solely for the Guarantors (other than any activities which are ancillary thereto).
 - (i) **No misleading information:** All of the written information supplied by it to the Issuer in connection with the Loan Facility was true and accurate in all material respects at the time provided by the Group Borrower and the Group Borrower is not aware of any material facts or circumstances relating to such written information that have not been disclosed to the Issuer.
 - (j) **Information in the Base Prospectus and any Supplement:** To the best of the Group Borrower's knowledge and belief:
 - (i) all information contained in the relevant Final Terms or the Base Prospectus and any Supplement concerning the Group Borrower, the Guarantors, the description of its rights and obligations in respect of, and all information relating to the Charged Properties and the Underlying Security (the "**Group Borrower Information**") is, or was at the date of their publication, true and accurate in all material respects and not misleading in any material respect; and
 - (ii) the Base Prospectus did not, and any Final Terms or Supplement, as the case may be, will not, as of their date of publication, contain in relation to the Group Borrower Information, any untrue statement of a fact nor did they, as of such date, omit to state any fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect.
 - (k) **Information supplied for the preparation of Conditions Precedent Documents:**
 - (i) where applicable, the information supplied by the Group Borrower or by a Guarantor for the purposes of the preparation of any Conditions Precedent Document was true and accurate as at its date or (if appropriate) as at the date (if any) at which it is stated to be given;
 - (ii) as at the date such information was stated to be given, neither the Group Borrower nor any Guarantor omitted to supply any information which, if disclosed, would adversely affect in any material respect the relevant condition precedent; and

- (iii) to the best of the knowledge, information and belief of the Group Borrower and the Guarantors, the information referred to above contained in any Conditions Precedent Document is complete and accurate in all respects.
- (l) **Execution of Finance Documents:** Its execution of and entry into the Group Borrower Security Deed, the Finance Documents and the Security Documents to which it is a party and the transactions contemplated thereby, its exercise of its rights and performance of its obligations thereunder do not and will not:
- (i) conflict in any material respect with any agreement, mortgage, bond or other instrument or treaty to which it is a party or which is binding upon it or any of its assets;
 - (ii) conflict with its constitutional documents;
 - (iii) conflict in any material respect with any applicable law, regulation or official or judicial order; or
 - (iv) result in the existence of nor oblige it to create any Encumbrance over all or any of its present or future revenues or assets other than such Encumbrances as are provided for in the Group Borrower Security Deed, the Finance Documents and the Security Documents to which it is a party.
- (m) **Claims *pari passu*:** Under the laws of England and Wales in force on the relevant Series Closing Date, the claims of the Issuer against it under the Loan Facility Agreement will rank at least *pari passu* with the claims of all its other unsecured creditors save those whose claims are mandatorily preferred solely by any bankruptcy, insolvency, liquidation or other similar laws of general application by law to companies generally.
- (n) **Governing law and enforcement:** In any proceedings taken in England and Wales in relation to the Finance Documents to which it is a party, the choice of the law of England and Wales as the governing law of the Group Borrower Security Deed, the Finance Documents and the Security Documents and any judgment obtained in England and Wales will be recognised and enforced.
- (o) **Tax Deduction:** It is not required to make any Tax Deduction from any payment it may make under the Group Borrower Security Deed or the Finance Documents to which it is a party.
- (p) **Tax Residency:** It is resident for tax purposes only in the United Kingdom.
- (q) **No filing or stamp taxes:** It is not necessary that the Group Borrower Security Deed, the Finance Documents or any of the Security Documents be filed, recorded or enrolled with any court or other authority in England and Wales, other than the registration of the Security Documents with the Registrar of Companies or, as the case may be, the Financial Services Authority or the Land Registry or that any UK stamp, registration or similar tax be paid on or in relation to the Group Borrower Security Deed, the Finance Documents, the Security Documents or the transactions contemplated by such documents.
- (r) **No Winding-up:** It has not taken any corporate action nor have any other steps been taken or legal proceedings been started or threatened against it for its winding-up, dissolution or re-organisation or for the appointment of a receiver, administrative receiver, liquidator, administrator or similar officer of it or of all or a material part of its assets or revenues.
- (s) **No Undisclosed Liabilities:** As at the date as of which any financial statements are prepared and provided in accordance with clause 12 (*Financial Information*) of the Loan Facility Agreement Standard Terms, it had no material liabilities (contingent or otherwise) which were not disclosed thereby (or by the notes thereto) or reserved against therein nor any material unrealised or anticipated losses arising from commitments entered into by it which were not so disclosed or reserved against unless such liabilities or losses, as the case may be, were not required to be so disclosed or reserved against by accounting principles generally accepted in England.
- (t) **Ownership of the Group Borrower:** It is directly or indirectly owned and controlled by Circle Anglia Limited.
- (u) **Laws and Regulations:** To the best of its knowledge and belief, all applicable laws and regulations in England and Wales with respect to the Group Borrower Security Deed, the Finance Documents and the Security Documents have been met and complied with.

- (v) **Repetition of Representations:** The Repeating Representations are deemed to be made by the Group Borrower (by reference to the facts and circumstances then existing):
- (i) on each Series Closing Date;
 - (ii) on each date on which a Compliance Certificate is delivered by the Group Borrower to the Issuer in accordance with the terms of the Loan Facility Agreement; and
 - (iii) on each date that the Group Borrower enters into a new Finance Document or Security Document but only in relation to that Finance Document or Security Document.

Financial Information Undertakings

The Group Borrower will give the following undertakings to the Issuer in the Loan Facility Agreement Standard Terms on the Programme Date:

- (a) **Annual Statements:** The Group Borrower shall, as soon as the same become available, but in any event within 180 days after the end of each of its Financial Years, deliver to the Issuer and the Note Trustee the individual and consolidated audited financial statements of the Group Borrower and each Guarantor for such Financial Year.
- (b) **Accounting Policies:** The Group Borrower shall, and shall procure that each Guarantor shall, as applicable, prepare all information to be given to the Issuer for the purposes of the annual statements in accordance with applicable law, regulations and SORP and will ensure that or procure that it fairly represents the Group Borrower's or, as the case may be, a Guarantor's financial condition.

The Group Borrower on its behalf and on behalf of each Guarantor and the Loan Facility Provider shall negotiate in good faith with a view to agreeing such adjustments and/or amendments to the ratios contained in "Financial Covenants" below of the Loan Facility Agreement (and/or the definitions referred to in those Clauses) which may be necessary or desirable in the event of any change in the accounting principles or policies applied by the Group Borrower or, as the case may be, a Guarantor consequent upon any change in any SORP or generally accepted accounting principles in England so that they have substantially the same effect as prior to the change.

If the Group Borrower and the Loan Facility Provider cannot agree what adjustment and/or amendment is appropriate on a date not later than the earlier of 180 days after the end of the relevant accounting period and one week after the date of the auditors' report on the accounts in respect of such period (or such longer period as the Group Borrower and the Loan Facility Provider shall agree), there shall be no change to the basis on which the financial covenants are calculated.

The Loan Facility Provider shall not consent to any such adjustment or amendment pursuant to Clause 12.3.2 of the Loan Facility Agreement without the prior written consent of the Note Trustee. For the purposes of giving its consent, the Note Trustee shall be entitled to rely without further enquiry upon a certificate from the Group Borrower's auditors certifying, in form and substance satisfactory to the Note Trustee, that in the opinion of such auditors the ratios after such adjustment and/or amendment will have substantially the same effect as the ratios prior to such adjustment and/or amendment and prior to such change in accounting principles or policies.

Financial Covenants

The Group Borrower shall covenant with the Issuer to ensure that from the date of each Loan Facility Agreement until all amounts due from the Group Borrower under the Loan Facility Agreement have been repaid in full:

- (a) by reference to the latest audited financial accounts of the Guarantors and SORP, the aggregate Financial Indebtedness of the Guarantors shall not at any time exceed the Financial Indebtedness Percentage of the aggregate Net Worth of the Guarantors (the "**Gearing Test**") provided that in the event that the Guarantors are not in compliance with the provisions of Clause 13.1.1 of the Loan Facility Agreement, then the Group Borrower shall procure that their auditors shall provide to the Loan Facility Provider and the Note Trustee as soon as practicable but in any event not later than the earlier of 180 days after the end of the relevant accounting period and one week after the date of the auditors' report on the accounts in respect of such period, a certificate or report confirming the results of the Gearing Test shown by reference to the audited accounts and that in the auditors' opinion the breach will not adversely affect the ability of the Guarantors to perform their obligations under the Deed of Guarantee and that taking into account the Guarantors' business as

carried on since the end of such relevant accounting period and having regard to the level of reserves of the Guarantors and their projected or expected expenditure and business over the period of 12 months following the date of the auditors' opinion, the Guarantors will be able to meet their obligations under the Deed of Guarantee over such period of 12 months;

- (b) where the Numerical Apportionment Basis has been specified in the Loan Transaction Terms as the method of apportionment of Charged Properties in relation to a Loan Facility, the aggregate of:

- (i) the Minimum Value of the NAB Charged Properties multiplied by the Series Security Percentage; and
- (ii) the aggregate amount of any cash in the Charged Accounts,

is not less than the Loan (the “**NAB Loan-to-Value Test**”) *provided that* the Group Borrower may cure any breach of this covenant (b) by:

- (A) within 20 Business Days of becoming aware of such breach, prepaying a part of the Loan together with all accrued interest on that amount to the date of repayment and any amounts due in respect of that repayment under clause 16 (*Default Interest and Indemnities*) of the Loan Facility Agreement Standard Terms; and/or
- (B) within 20 Business Days of becoming aware of such breach, procuring that a payment is made into a Charged Account; and/or
- (C) within 40 Business Days of becoming aware of such breach, allocating additional Charged Properties acceptable to the Issuer (which shall not consent to such allocation without the approval of the Note Trustee) to the Issuer,

so that following such action, the NAB Loan-to-Value Test is satisfied; and

- (c) where the Specific Allocation Basis has been specified in the Loan Transaction Terms as the method of apportionment of Charged Properties in relation to a Loan Facility, the aggregate of:

- (i) the Minimum Value of the SAB Charged Properties; and
- (ii) the aggregate amount of any cash in the Charged Accounts,

is not less than the Loan (the “**SAB Loan-to-Value Test**”) *provided that* the Group Borrower may cure any breach of this covenant (c) by:

- (A) within 20 Business Days of becoming aware of such breach, prepaying a part of the Loan together with all accrued interest on that amount to the date of repayment and any amounts due in respect of that repayment under clause 16 (*Default Interest and Indemnities*) of the Loan Facility Agreement Standard Terms; and/or
- (B) within 20 Business Days of becoming aware of such breach, procuring that a payment is made into a Charged Account; and/or
- (C) within 40 Business Days of becoming aware of such breach, allocating additional Charged Properties acceptable to the Issuer (which shall not consent to such allocation without the approval of the Note Trustee) to the Issuer,

so that, following such action, the SAB Loan-to-Value Test is satisfied.

- (d) The Group Borrower shall provide to the Issuer and the Note Trustee, on each Valuation Date, a Financial Covenants Compliance Certificate, together with the relevant Valuation Report signed by an authorised signatory of the Group Borrower.
- (e) To the extent that any breach of the NAB Loan-to-Value Test or the SAB Loan-to-Value Test is cured pursuant to Clauses 13.1.2 and 13.1.3 (*Financial Covenants*) of the Loan Facility Agreement, the Group Borrower shall deliver to the Loan Facility Provider and the Note Trustee a Financial Covenants Compliance Certificate signed by an authorised signatory of the Group Borrower confirming compliance with the NAB Loan-to-Value Test or the SAB Loan-to-Value Test, as the case may be.

Accounting Terms

All accounting expressions which are not otherwise defined in the section “*Financial Covenants*” above shall be construed in accordance with generally accepted accounting principles in England to the extent applicable to Registered Social Landlords and SORP.

General Covenants

The Group Borrower will, in each Loan Facility Agreement, covenant with the Issuer *inter alios*, that:

- (a) **Negative pledge:** The Group Borrower shall (i) not create any Encumbrance over any of its rights under any of the Finance Documents or Security Documents to which it is a party, the Group Borrower Security Deed or any Intra-Group Loan Agreement or any amounts received thereunder from a Guarantor (other than with the consent of the Issuer or as contemplated by the Security Documents); (ii) use its best endeavours to procure that each Guarantor shall comply with the provisions of the negative pledge provisions of the Deed of Guarantee, which states that subject to certain exceptions, each Guarantor shall not, create or permit to subsist any encumbrance over any of the security assets; and (iii) subject to Clause 14.9 of the Loan Facility Agreement not without the prior written consent of the Issuer, consent or agree to any disposal of, or the creation of any Encumbrance over any Charged Property for the purposes of the Deed of Guarantee.
- (b) **Disposals of Charged Property:** The Group Borrower shall procure that each Guarantor shall comply with the provisions in relation to the disposal of secured assets under in the Deed of Guarantee, which states that subject to certain exceptions, each Guarantor shall not either in a single transaction or in a series of transactions, whether related or not, sell, transfer, grant, lease or accept a surrender of, or otherwise dispose of, all or any part of the Charged Properties without the prior written consent of the Group Borrower and the Security Trustee (which will not be unreasonably withheld or delayed).
- (c) **Financial Information:** The Group Borrower is required to deliver a range of financial information to the Issuer as described above in the section titled “*Financial Information Undertakings*”.
- (d) **Status:** The Group Borrower shall maintain its registration as a limited liability company under the Companies Act and shall procure that each Guarantor shall maintain (A) its registration as a Registered Social Landlord; and (B) its registration under the Industrial and Provident Societies Act 1965 or as a limited liability company under the Companies Act.
- (e) **Maintenance of Legal Validity:** The Group Borrower shall, and shall procure that each Guarantor shall, obtain, comply with the terms of, and do all that is necessary to maintain in full force and effect, all authorisations, approvals, licences, consents and registrations required in or by the laws and regulations of England and Wales to enable it to carry on its business and ordinary activities, lawfully to enter into and perform its obligations under each of the Group Borrower Security Deed, the Finance Documents, the Security Documents and the Account Charge to which it is a party and to ensure the legality, validity, admissibility in evidence or (subject to certain reservations) the enforceability in England and Wales of each of the Group Borrower Security Deed, the Finance Documents, the Security Documents and the Account Charge to which it is a party.
- (f) **Notification of Events of Default:** The Group Borrower shall, and shall procure that each Guarantor shall, promptly inform the Issuer of the occurrence of any Loan Event of Default or any potential Loan Event of Default and, upon receipt of a written request to that effect from the Issuer, confirm to the Issuer that, save as previously notified to the Issuer or as notified in such confirmation, no Loan Event of Default or potential Loan Event of Default has occurred.
- (g) **Claims *pari passu*:** The Group Borrower shall, and shall procure that each Guarantor shall, ensure that at all times the claims of the Beneficiaries against it under each of the Finance Documents, the Security Documents and the Account Charges to which it is a party (save to the extent that the claims of the Issuer and the Beneficiaries are afforded priority by any Security Document or any Account Charge) rank at least *pari passu* with the claims of all its other unsecured creditors save those whose claims are mandatorily preferred by any bankruptcy, insolvency or other similar laws of general application to Industrial and Provident Societies, companies or Registered Social Landlords.
- (h) **Insurance:** The Group Borrower shall require that each Guarantor shall maintain insurances on and in relation to its business and assets with reputable underwriters or insurance companies against such risks and to such extent as is usual for Registered Social Landlords carrying on a business such

as that carried on by each Guarantor and promptly, when requested by the Issuer, provide to the Issuer, copies of all policies and other related information which relate to the Charged Properties.

- (i) **Business:** The Group Borrower shall (to the extent applicable to itself), and shall procure that each Guarantor shall, carry on its business in accordance with its memorandum of association or rules, as applicable, and shall comply in all material respects with the relevant regulations of the Housing Corporation which are applicable to it and binding on it and each Guarantor.
- (j) **Valuations:**
 - (i) On or about each successive fifth Anniversary, or as otherwise specified in the relevant Loan Transaction Terms, and at any time after the occurrence of a Loan Event of Default following a request by the Issuer, the Group Borrower shall deliver to the Issuer (with a copy to the Security Trustee and the Note Trustee) or shall procure delivery by a Guarantor of, a Valuation prepared in accordance with the selected Valuation Basis as described more fully in the Loan Facility Agreement Standard Terms.
 - (ii) Within three months of 31 March in each year (commencing on 31 March 2010), or as otherwise specified in the relevant Loan Transaction Terms, the Group Borrower shall deliver to the Issuer (with a copy to the Security Trustee and the Note Trustee), or shall procure delivery by a Guarantor of, a Desk-top Valuation.
- (k) **Compliance with Laws:** The Group Borrower shall, and shall procure that each Guarantor shall, comply at all times with all laws and regulations applicable to it (including in particular:
 - (i) complying with all applicable Environmental Laws and the terms of all necessary environmental approvals; and
 - (ii) obtaining and promptly renewing from time to time and complying with the terms of all consents, approvals, authorisations, licences and/or exemptions which may be necessary in connection with such Environmental Laws relating to or affecting the Charged Properties),
 where failure to do so is reasonably likely to have a MAE on an Obligor.
- (l) **Mergers and Subsidiaries:** The Group Borrower will not, without the prior consent of the Issuer (such consent not to be unreasonably withheld or delayed unless the relevant event would have a MAE):
 - (i) enter into any merger or consolidation if it would alter the legal personality of the Group Borrower; or
 - (ii) become a Subsidiary or associate other than of Circle Anglia Limited or any other body replacing it as parent of the Circle Anglia Group.

The Group Borrower will procure that no Guarantor will, without the prior consent of the Issuer (such consent not to be unreasonably withheld or delayed unless the relevant event would have a Material Adverse Effect), amalgamate or accept a transfer of engagements (in each case as defined in the Industrial and Provident Societies Act 1965), provided however that no consent shall be required where two existing Guarantors are amalgamating or one Guarantor is accepting a transfer of engagements from another Guarantor.

- (m) **Amendments to Intra-Group Loan Agreement:** The Group Borrower shall promptly notify the Issuer of any material amendment to any Intra-Group Loan Agreement pursuant to which any Advance made available under the Loan Facility Agreement are on-lent to one or more Guarantors.
- (n) **Disbursement, Receipts and Charged Accounts:** The Group Borrower shall maintain the Disbursement Account for the purposes of receiving the proceeds of any Advance borrowed pursuant to the Loan Facility Agreement (the “**Loan Proceeds**”) and:
 - (i) the Group Borrower must ensure that all Loan Proceeds shall be paid into the Disbursement Account and, if any such Loan Proceeds are, for any reason, paid into an account of the Group Borrower other than the Disbursement Account, then those Loan Proceeds must be paid immediately into the Disbursement Account;
 - (ii) the Group Borrower shall on-lend to one or more Guarantors the Loan Proceeds and, prior to such on-lending, it shall hold the Loan Proceeds subject to the terms of the Deed of Covenant;

- (iii) the Group Borrower shall be permitted to make withdrawals of Loan Proceeds from the Disbursement Account but only to on-lend such Loan Proceeds to a Guarantor;
- (iv) payments from the Guarantors to the Group Borrower under an Intra-Group Loan Agreement shall be paid into the Receipts Account;
- (v) the Group Borrower shall be permitted to make withdrawals from the Receipts Account but only to repay the obligations of the Group Borrower under the Loan Facility Agreement or another Facility Agreement (as defined in the Group Borrower Security Deed);
- (vi) each of the Issuer and the Guarantors, as the case may be, shall be permitted to make withdrawals from the relevant Charged Accounts but only if the Note Trustee has consented to such withdrawal which it shall be required to do when satisfied that the NAB Loan-to-Value Test or the SAB Loan-to-Value Test, as applicable, would be satisfied after giving effect to any such withdrawal. The Group Borrower shall, upon the request of the Issuer or the Note Trustee, promptly deliver a Financial Covenants Compliance Certificate to the Issuer, the Note Trustee and the relevant Guarantor confirming that the NAB Loan-to-Value Test or the SAB Loan-to-Value Test, as applicable, would be satisfied following any proposed withdrawal; and
- (vii) The Issuer shall procure, in the case that a Cash Security Account is opened by the Issuer, that such account shall be opened and held either (i) pursuant to the Accounts Agreement or (ii) on substantially the same terms as the Accounts Agreement. The Group Borrower shall procure that, in the case that a Guarantor Charged Account is opened by a Guarantor, such account shall be on substantially the same terms as the Accounts Agreement.

For the avoidance of doubt, “substantially on the same terms as the Accounts Agreement” shall require the inclusion of Clauses 9 (*Acknowledgements by the Accounts Bank*), 10 (*Accounts Bank Representations and Warranties*) and 13 (*Termination and Resignation*) of the Accounts Agreement.

(o) **Co-operation:** The Group Borrower:

- (i) agrees to co-operate with the Issuer to facilitate the rating of the Notes by any rating agencies which have agreed or may agree to rate a Series of Notes or which already rate such Series of Notes; and
- (ii) shall, and shall procure that the Guarantors shall, co-operate (to the extent reasonably required by the Issuer (when in so doing it would not breach any law or regulation) or any dealer) with the dealer and the dealer’s and the Issuer’s respective advisers and associated parties for the purpose of the issue of the Notes.

(p) **Non-Petition:** Neither the Group Borrower nor any person on its behalf shall, except as otherwise provided in any Finance Document, until the date falling two years and one day after the Final Maturity Date:

- (i) have the right to take or join any person in taking any steps against the Issuer other than for the purpose of obtaining payment of any amount due from the Issuer to it;
- (ii) initiate or join any person in initiating a Loan Insolvency Event or the appointment of an Insolvency Official in relation to the Issuer; or
- (iii) be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Finance Documents not being complied with.

(q) **Access to Books of Guarantors:** The Group Borrower shall procure that each Guarantor shall permit the Issuer and any person (being the Note Trustee or an accountant, auditor, solicitor, valuer or other professional adviser of the Issuer or of such persons) authorised by the Issuer to have, at all reasonable times during normal business hours and on reasonable notice, access to the officers, property, premises and accounting books and records of each Guarantor as relate to the Finance Documents, the Security Documents and the Account Charges for the purposes of inspecting the same to enable the Issuer to assess compliance by the Group Borrower and each Guarantor with the terms of the Finance Documents, the Security Documents and the Account Charges. The Group Borrower shall procure that each Guarantor shall agree to provide such assistance as it reasonably can to enable access to tenanted premises comprised within the Charged Properties for such purpose during normal office hours and the Issuer acknowledges that access to any such tenanted premises shall be subject to the rights of the tenants in respect of such premises.

LOAN EVENTS OF DEFAULT

Each of the following paragraphs describes circumstances which constitute a Loan Event of Default for the purposes of a Loan Facility Agreement:

- (a) **Failure to Pay:** The Group Borrower fails to pay any sum due from it under the Group Borrower Security Deed or any Finance Document at the time, place and in the currency and in the manner specified therein unless such failure to pay is caused solely by administrative or technical error and payment is made within five Business Days of the due date.
- (b) **Misrepresentation:** Any representation, warranty or statement made or deemed to be made by any Obligor in any Finance Document or Security Document to which it is a party, notice or other document, certificate or statement delivered by it or on its behalf pursuant or in connection with a Loan Facility Agreement is or proves to have been incorrect or misleading in any respect which could reasonably be expected to have a MAE when made or deemed to be made and, if capable of remedy, the Group Borrower fails or fails to procure that the relevant Guarantor remedies or makes good any damage caused thereby within 15 days of the Group Borrower or the relevant Guarantor, as the case may be, becoming aware of the same.
- (c) **Breach of Financial Covenants:** The Group Borrower breaches any of the financial covenants provisions of the Loan Facility Agreement Standard Terms and such breach is not remedied within any applicable grace period referred to therein.
- (d) **Breach of Other Obligations:** Any Obligor fails duly to perform or comply with any other obligation expressed to be assumed by it in any Finance Document or Security Document to which it is a party (other than (i) those in (a) (*Failure to Pay*) and (c) (*Breach of Financial Covenants*) above and (ii) any such failure which could not reasonably be expected to have a MAE) and such failure, if capable of remedy, is not remedied within 30 Business Days (or such longer period as the Issuer and the Group Borrower may agree) after the Issuer has given notice thereof to the Group Borrower.
- (e) **Financial Indebtedness:**
 - (i) any Financial Indebtedness of any Obligor is declared to be or otherwise becomes due and payable prior to its specified maturity or within any grace period provided thereafter as a result of an event of default (however described);
 - (ii) any commitment for any Financial Indebtedness of any Obligor is cancelled or suspended by a creditor of any Obligor as a result of an event of default (however described); and
 - (iii) any creditor of any Obligor becomes entitled to declare any Financial Indebtedness of any Obligor due and payable prior to its specified maturity as a result of an event of default (howsoever described),

provided that, no Loan Event of Default shall occur if the aggregate amount of financial indebtedness or commitment for financial indebtedness falling within the above provisions is less than £1,500,000 (adjusted annually in accordance with any variations in the rate of RPI from 1 January 2007) or in the case of any individual Guarantor the actual financial indebtedness or commitment for financial indebtedness falling within sub-clauses (i) to (iii) above is less than £1,000,000 (adjusted annually in accordance with any variations in the rate of RPI from 1 January 2007). For the avoidance of doubt, should such individual financial indebtedness or commitment for financial indebtedness exceed £1,000,000 (adjusted annually in accordance with any variations in the rate of RPI from 1 January 2007), then a Loan Event of Default shall have occurred in respect of the relevant Obligor even if the aggregate level is not breached.
- (f) **Unsatisfied judgment:** One or more judgment(s) or order(s) from which no further appeal or judicial review is permissible under applicable law for the payment of any amount in excess of £1,000,000 (adjusted annually in accordance with any variations in the rate of RPI from 1 January 2007), in the case of any individual Obligor or £1,500,000 (adjusted annually in accordance with any variations in the rate of RPI from 1 January 2007), in the aggregate is rendered against the Obligors and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment.
- (g) **Security enforced:** A secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any substantial part of the undertaking, assets and revenues of an Obligor.

- (h) **Loan Insolvency Event:** The occurrence of a Loan Insolvency Event in relation to an Obligor.
- (i) **Failure to take action etc:** Any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable an Obligor lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Finance Documents, the Security Documents or the Account Charge to which it is a party, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Finance Documents, the Security Documents or the Account Charges admissible in evidence in the courts of England is not taken, fulfilled or done.
- (j) **Unlawfulness:** It is or becomes unlawful for any Obligor to perform or comply with any of its obligations under or in respect of any of the Finance Documents, Security Documents or Account Charges to which it is a party unless such event relates to a Fixed Charge or Floating Charge (where at all times the Group Borrower remains in compliance with (c) (*Breach of Financial Covenants*) above and is rectified within 30 days of the Obligor becoming aware of such event).
- (k) **Repudiation:** Any Obligor repudiates a Finance Document, a Security Document or an Account Charge or evidences an intention to repudiate a Finance Document, a Security Document or an Account Charge to which it is a party.
- (l) **Non-binding:** Any Finance Document, Security Document or Account Charge to which it is a party is not or is alleged by any Obligor not to be, binding on or enforceable against it or effective to create the security interests intended or purported to be created by it unless such event relates to a Fixed Charge or Floating Charge (where at all times the Group Borrower remains in compliance with (c) (*Breach of Financial Covenants*)) and is rectified within 30 days of the Obligor becoming aware of such event.
- (m) **Deed of Guarantee not in force:** The Deed of Guarantee is not (or is claimed by any of the Guarantors not to be) in full force and effect.
- (n) **Deed of Covenant not enforceable:** If the Group Borrower or the Guarantors take steps or otherwise procure that the Trust Properties (as defined in the Deed of Covenant) are vested in or otherwise transferred to the Guarantors and/or the trusts referred to in clause 5 (*Declaration of Trust over Trust Properties*) of the Deed of Covenant are collapsed.
- (o) **Breach of Housing Act, Housing Associations Act or Housing Corporation Guidelines:** Any Guarantor (i) breaches any provisions of the Housing Act or the Housing Associations Act in any respect which has or is reasonably expected to have a MAE on the Guarantors or (ii) fails to carry on its business in accordance with any guidelines published by the Housing Corporation or other public sector body from which such Guarantor receives or might receive a Public Sector Grant and, as a result, there is a significant reduction in the amount of all or any such grant receivable by such Guarantor, or the Housing Corporation indicates that such a reduction will take place, which reduction could reasonably be expected to have a MAE on the Guarantors.
- (p) **Repayment of Public Sector Grant:** Any Public Sector Grant becomes repayable by a Guarantor otherwise than on a sale or disposal of assets for which such grant was made in the course of business normally carried on by a Registered Social Landlord and which could reasonably be expected to have a MAE on the Guarantors.
- (q) **Action by the Housing Corporation:** The Housing Corporation:
 - (i) appoints any person under paragraph 20 of Schedule 1 of the Housing Act to conduct an inquiry into the affairs of a Guarantor; or
 - (ii) presents a petition for the winding-up of a Guarantor under paragraph 14 of Schedule 1 of the Housing Act (or under any section in any statute or any other power of the Housing Corporation which is of equivalent effect); or
 - (iii) makes an order under paragraphs 23(2)(b), 23(2)(c), 24(2)(c) or 24(2)(d) of Schedule 1 of the Housing Act in respect of a Guarantor; or
 - (iv) directs a Guarantor under paragraph 27 of Schedule 1 of the Housing Act to transfer land to the Housing Corporation or any other Registered Social Landlord or person,

provided that such event shall not constitute a Loan Event of Default unless such event could reasonably be expected to have a MAE.

- (r) **Change of status:**
 - (i) The Group Borrower ceases to be a member of the Circle Anglia Group;
 - (ii) any Guarantor ceases to be a charitable Registered Social Landlord or a member of the Circle Anglia Group.
- (s) **Material Adverse Effect:** Any event or circumstance occurs which has or would have a MAE.
- (t) **Other events of default:** Any such other event of default as may be prescribed in the relevant Loan Transaction Terms.

Loan Trigger Events

Upon the occurrence of any of the events set out in Clause 15.2 (*Misrepresentation*) and Clause 15.4 (*Breach of other obligations*) to Clause 15.20 (*Other events of default*) of the Loan Facility Agreement Standard Terms which relate solely to a Guarantor (the “**Loan Trigger Events**”), unless such event could reasonably be expected to have a MAE on the Group Borrower, the Group Borrower shall be permitted within 20 Business Days of the occurrence of such Loan Trigger Event(s) to either:

- (a) repay the Loan in an amount equal to the sum of: (i) the Value of the Charged Properties charged by the relevant Guarantor pursuant to each Security Document to which it is a party; and (ii) the amount of any Charged Cash; or
- (b) if the Loan Trigger Event can be cured by the provision of substitute security, procure that the relevant Guarantor or another Guarantor substitute security over any property acceptable to the Issuer (acting reasonably) (together with provision of certain conditions precedent documents in relation to such property) or procure that a cash deposit is placed in a Charged Account of a value sufficient to comply with the Asset Cover Covenants and the Charged Property charged by the Issuer and/or relevant Guarantor shall be released from the Security Documents in accordance with the Security Trust Deed,

and during such period of 20 Business Days, such event shall not constitute a Loan Event of Default.

MATERIAL ADVERSE EFFECT

For the purposes of the representations and warranties and the Loan Events of Default in the Loan Facility Agreement Standard Terms only, MAE (“**MAE**”) means, as the context specifies:

- (a) a material adverse effect on the validity or enforceability of any of the Finance Documents or Security Documents; or
- (b) in respect of the Group Borrower, a material adverse effect on its financial condition or on its ability to perform its obligations under any of the Finance Documents or Security Documents to which it is a party;
- (c) in respect of a Guarantor, a material adverse effect on the financial condition of the Guarantors or on the ability of the Guarantors to perform their obligations under any of the Finance Documents, Security Documents or Account Charges to which it is a party; or
- (d) in the context of the Security Assets, a material adverse effect on the interests of the Security Trustee (or the Beneficiaries (as applicable) or the Issuer in the Security Assets or a Charged Account (as applicable) the subject of an Account Charge in its favour or on the ability of the Security Trustee to enforce the Underlying Security, or on the ability of the Issuer to enforce the relevant Account Charge in its favour.

ACTION UPON A LOAN EVENT OF DEFAULT

Acceleration and Cancellation

Upon the occurrence of a Loan Event of Default, at any time thereafter (whilst it is continuing and unwaived), the Issuer may, and shall if so directed by the Note Trustee, by notice to the Obligors and to the Security Trustee:

- (a) declare the relevant Loan to be immediately due and payable (whereupon the same shall become so payable together with accrued interest thereon and any other sums then owed by the Group Borrower under the Loan Facility Agreement); and/or
- (b) enforce the Account Charge and take all action permitted thereby.

Call on the Deed of Guarantee

Upon the occurrence of a Loan Event of Default, at any time thereafter (whilst it is continuing and unwaived), the Issuer may, and shall if so directed by the Note Trustee, by notice to the Security Trustee and each of the Guarantors, call for payment of all amounts due under the Deed of Guarantee in respect of such Loan.

In the event that the Guarantors fail to pay amounts owing by them to the Issuer, subject always to the provisions of the Security Documents, the Issuer may, and shall if so directed by the Note Trustee serve notice of a Loan Enforcement Event (as defined under the definition of "Enforcement Event" in the Security Trust Deed) on the Group Borrower and/or the Guarantors and the Security Trustee and decide to enforce the Security and if so shall direct the Security Trustee to enforce the SAB Charged Properties relevant to the Issuer and, if permitted to do so by the Security Trust Deed, the Unallocated Charged Properties, and the Security Trustee shall be bound to declare, direct or take any such proceedings if it shall have been (a) so directed by the Issuer and (b) indemnified or secured (whether by the provision of security or otherwise) to its satisfaction. In the event that there are any NAB Charged Properties, the Security Trustee shall enforce such security in accordance with the NAB Administration Agreement and the Security Trust Deed.

Loan Default Interest

If an Obligor fails to pay any amount payable by it under any Finance Document to which it is a party, the Group Borrower shall and shall procure that such Guarantor shall on demand by the Issuer from time to time, pay interest on the overdue amount from (and including) the due date to (but excluding) the date of actual payment, both before and after judgment, at the Loan Default Rate. Interest at the Loan Default Rate will be compounded at such intervals as the Issuer may select.

Indemnities

The Group Borrower will agree in a Loan Facility Agreement to indemnify the Issuer and the Security Trustee against any cost, claim, loss, expense (including legal fees) or liability, which it may directly sustain or incur as a consequence of: (i) the occurrence of any Loan Event of Default or any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in any of the Finance Documents, Security Documents or Account Charges or the investigation of any Loan Event of Default or such default which the Issuer or the Security Trustee reasonably believes is a Loan Event of Default or such default; (ii) an Advance not being made on the Series Closing Date as a result of the Group Borrower failing to deliver the required Conditions Precedent Documents to the Issuer in accordance with clause 2.5 (*Conditions Precedent Documents for Advances*) of the Loan Facility Agreement Standard Terms and/or not satisfying any of the conditions in clause 4 (*Making of Advances*) of the Loan Facility Agreement Standard Terms for that Advance (other than by reason of the negligence or default of the Issuer); (iii) any prepayment of the Notes in accordance with Condition 8.2 (*Early Redemption*) or Condition 8.4 (*Mandatory Early Redemption*), including any prepayment penalty incurred by the Issuer in connection therewith; or (iv) acting or relying on any formal notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised (having made all appropriate checks).

CHANGES TO UNDERLYING SECURITY**Shared Security**

If "Shared Security" is specified as "Applicable" in the relevant Loan Transaction Terms, the Underlying Security in relation to an Advance may also be allocated to one or more other Series. In this case, the Loan Facility Agreement, the Note Security Deed and the other Transaction Documents shall be amended in such manner as the Note Trustee may require to take account of such allocation.

Addition of Scottish and Northern Irish Charged Properties

In the event that the Underlying Security is to include properties situated in Northern Ireland and/or Scotland, the Loan Facility Agreement, the Note Security Deed and the other Transaction Documents shall be amended in such manner as the Note Trustee may require to take account of the jurisdiction of such Underlying Security. For the avoidance of doubt, it is not contemplated that properties situated in Northern Ireland and/or Scotland will be permitted Underlying Security for the Loan Facility Agreement to the extent that the Charged Properties originally allocated were not situated in Northern Ireland and/or Scotland.

DESCRIPTION OF THE DEED OF GUARANTEE AND UNDERLYING SECURITY

The following description of the Deed of Guarantee and Underlying Security consists of a summary of certain provisions of the Deed of Guarantee and the documents evidencing the Underlying Security and is qualified by reference to the detailed provisions thereof. The following summary does not purport to be complete and prospective investors must refer to the Deed of Guarantee and the documents evidencing the Underlying Security for detailed information regarding the Deed of Guarantee and Underlying Security, respectively.

Definitions used in this section but not otherwise defined in this Base Prospectus have the meanings given to them in the Deed of Guarantee and the documents evidencing the Underlying Security.

OVERVIEW

The obligations of the Group Borrower under the Loan Facility granted by the Issuer will be guaranteed by the Guarantors pursuant to the Deed of Guarantee in favour of the Security Trustee on trust for and on behalf of the Issuer and all other Loan Facility Providers (as defined in the Deed of Guarantee). To secure their obligations under the Deed of Guarantee, the Guarantors will create Fixed Charges in favour of the Security Trustee over certain Charged Properties.

The Group Borrower will create security in favour of the Security Trustee on trust for the Issuer and all other Loan Facility Providers (as defined in the Deed of Guarantee) over the account into which the proceeds of any Loan Facility are paid and over the account into which the Guarantors make payment of amounts due to the Group Borrower under the On-Loan Agreement and over its rights under each Intra-Group Loan Agreement which shall be held by the Security Trustee.

The security created by the Guarantors and the Group Borrower will be held by the Security Trustee on the terms of the Security Trust Deed.

DEED OF GUARANTEE

Deed of Guarantee

The Guarantors have pursuant to the Deed of Guarantee jointly and severally and unconditionally and irrevocably guaranteed to the Security Trustee on trust for and on behalf of each Guarantee Beneficiary the due and punctual payment of all sums from time to time payable by the Group Borrower to such Guarantee Beneficiary under each Designated Agreement when the same become due and payable and accordingly the Guarantors undertake to pay the Security Trustee as trustee for and on behalf of such Guarantee Beneficiary any and every sum or sums which the Group Borrower is at any time liable to pay in respect of such Designated Agreement and which the Group Borrower has failed to pay.

Indemnity

The Guarantors have pursuant to the Deed of Guarantee jointly and severally and irrevocably and unconditionally agreed as a primary obligation to indemnify the Security Trustee as trustee for and on behalf of each Guarantee Beneficiary from time to time from and against any loss incurred by such Guarantee Beneficiary as a result of any of the obligations of the Group Borrower under or pursuant to a Designated Agreement the amount of such loss being the amount which such Guarantee Beneficiary would otherwise have been entitled to recover from the Group Borrower.

Limit of liability and recourse

The liability of the Guarantors is not limited in respect of sums expressed to be payable by the Guarantors under the Deed of Guarantee. However, all obligations of the Guarantors under the Deed of Guarantee are limited in recourse as follows:

- (i) neither the Security Trustee (on behalf of a Guarantee Beneficiary) nor any Guarantee Beneficiary shall have any claim against or recourse to the assets, property or undertaking of a Guarantor as underlying security except a secured claim against the Apportioned Part of the Security Assets relevant to such Guarantor;
- (ii) a secured claim against the Unallocated Charged Properties subject to and in accordance with the Security Trust Deed; and
- (iii) any sums due and payable to the Security Trustee for and on behalf of a Guarantee Beneficiary under the Deed of Guarantee in excess of the proceeds of enforcement against the relevant

Apportioned Part and Unallocated Charged Properties to which the Guarantee Beneficiary is entitled under the Security Trust Deed shall represent an unsecured joint and several claim against the Guarantors in the amount of such excess.

Preservation of Rights

The obligations of the Guarantors under the Deed of Guarantee are joint and several principal obligors and not merely as surety.

Continuing obligations: The joint and several obligations of the Guarantors under the Deed of Guarantee shall constitute and be continuing obligations and shall continue in full force and effect until all sums due from the Group Borrower in respect of a Designated Agreement have been paid, and all other obligations of the Group Borrower in respect thereof have been satisfied in full.

Obligations not discharged: Neither the joint and several obligations of the Guarantors nor the rights, powers and remedies conferred upon the Security Trustee and the Guarantee Beneficiaries by the Deed of Guarantee or by law shall be discharged, impaired or otherwise affected by: (i) the winding-up of the Group Borrower or any change in its status, function, control or ownership; (ii) the illegality of any of the obligations of the Group Borrower under or in respect of a Designated Agreement; (iii) time or other indulgence being granted or agreed to be granted to the Group Borrower in respect of any of its obligations under or in respect of a Designated Agreement; (iv) any amendment to, or any variation, waiver or release of, any obligation of the Group Borrower under or in respect of a Designated Agreement or any security or other guarantee or indemnity in respect thereof; or (v) any other act, event or omission which, but for this provision in the Deed of Guarantee, might operate to discharge, impair or otherwise affect the obligations expressed to be assumed by the Guarantors in the Deed of Guarantee or any of the rights, powers or remedies conferred upon the Guarantee Beneficiaries or any of them by the Deed of Guarantee or by law.

Settlement conditional: Any settlement or discharge under the Deed of Guarantee shall be conditional upon no payment to the Guarantee Beneficiaries by the Group Borrower being avoided or reduced by virtue of any laws relating to bankruptcy, insolvency, liquidation or similar laws of general application for the time being in force and, in the event of any such payment being so avoided or reduced, the Guarantee Beneficiaries shall be entitled to recover the amount by which such payment is so avoided or reduced from the Guarantors subsequently as if such settlement or discharge had not occurred.

Exercise of rights: Neither the Security Trustee (on behalf of a Guarantee Beneficiary) nor any Guarantee Beneficiary shall be obliged before exercising any of the rights, powers or remedies conferred upon it by the Deed of Guarantee or by law to make any demand of the Group Borrower, save for the presentation of the relevant Designated Agreement; to take any action or obtain judgment in any court against the Group Borrower; or to make or file any claim or proof in a winding up or dissolution of the Group Borrower, and (save as aforesaid) the Guarantors hereby expressly waive presentment, demand, protest and notice of dishonour in respect of each Designated Agreement.

Deferral of rights: The Guarantors agree that, so long as any sums are or may be owed by the Group Borrower in respect of a Designated Agreement or the Group Borrower is under any other actual or contingent obligation thereunder or in respect thereof, the Guarantors will not exercise any right which the Guarantors may at any time have by reason of the performance by the Guarantors of their obligations under the Deed of Guarantee in relation to: (i) their being indemnified by the Group Borrower or any other person; (ii) claim any contribution from any other guarantor of the Group Borrower's obligations under or in respect of a Designated Agreement or any other person; (iii) to take the benefit (in whole or in part) of any security enjoyed in connection with a Designated Agreement by any Guarantee Beneficiary; and/or (iv) be subrogated to the rights of the Security Trustee against the Group Borrower in respect of amounts paid by the Guarantors under the Deed of Guarantee, provided that the deferral of Guarantors' rights shall not apply to the exercise of any Guarantor's rights under the Counter-Indemnity Agreement.

Representations by the Guarantors

As of the date of the Deed of Guarantee (and from time to time as indicated in the "*Repetition of Representations*" below), each Guarantor has represented and warranted, in relation to the Borrower Transaction Documents, to the Security Trustee and the Guarantee Beneficiaries, in a manner substantially similar in relation to those Representations given by the Group Borrower pursuant to the Finance Documents as described in the "*Principal Features of a Loan Facility*" above, with the addition of the following representations:

- (a) **Most recent financial statements:** each Guarantor's most recent financial statements were prepared in accordance with statutory requirements and relevant accounting and other regulations relating to registered social landlords and (save as disclosed therein) were consistently applied and (in conjunction with the notes thereto) fairly represent its financial condition at the date as of which they were prepared and the results of its operations during the financial year then ended;
- (b) **Environmental compliance:** in relation to the Charged Properties, each Guarantor has performed and observed in all material respects all Environmental Law, environmental permits and all other material covenants, conditions, restrictions or agreements directly or indirectly concerned with any contamination, pollution or waste or the release or discharge of any toxic or hazardous substance in connection with any Charged Property which is owned, leased or occupied by it or on which it has conducted any activity where failure to do so could reasonably be expected to have a MAE;
- (c) **Environmental Claims:** in relation to the Charged Properties, no Environmental Claim has been commenced or (to the best of its knowledge and belief) is threatened against it where that claim would be reasonably likely, if determined against it to have a MAE;
- (d) **Claims *pari passu*:** under the laws of England and Wales in force at the date of the Deed of Guarantee, the claims of the Guarantee Beneficiaries against it under the Deed of Guarantee will rank at least *pari passu* with the claims of all its other unsecured creditors save those whose claims are mandatorily preferred solely by any bankruptcy, insolvency, liquidation or other similar laws of general application by law to companies generally;
- (e) **No filing:** under the laws of England and Wales, other than the registration of the Security Documents with the Companies Registry or, as the case may be, the Financial Services Authority or the Land Registry, it is not necessary in respect of the Borrower Transaction Documents to which it is a party, that any consent, licence or approval be obtained from or that the Borrower Transaction Documents, be filed, recorded or enrolled with any court, governmental or other authority in England and Wales on or in relation to any of the Borrower Transaction Documents or the transactions contemplated by the Borrower Transaction Documents;
- (f) **No stamp taxes:** under the laws of England and Wales, other than the registration of the Security Documents with the Companies Registry or, as the case may be, the Financial Services Authority or the Land Registry, it is not necessary in respect of the Finance Documents that any stamp, registration or similar tax be paid on or in relation to any of the Borrower Transaction Documents or the transactions contemplated by the Borrower Transaction Documents; and
- (g) **Ownership:** Each Guarantor is directly or indirectly owned by Circle Anglia Limited.

Repetition of Representations: The following representations of the Guarantors are deemed to be repeated as described below:

- (a) those representations in relation to "Environmental compliance", "Environmental Claims" and "Ownership" are deemed to be made by each Guarantor on each Loan Utilisation Date and, if applicable, on each date on which a Compliance Certificate is delivered by the Borrower to a Guarantee Beneficiary in accordance with the terms of the relevant Designated Agreement;
- (b) the representation as to "Most recent financial statements" is deemed to be made by each Guarantor on such date as the information referred to in this representation is provided, but only in relation to that information which is being provided;
- (c) the representation as to "Environmental compliance" is deemed to be made by each Guarantor in respect of new Charged Properties only on such date as such new Charged Properties become Charged Properties; and
- (d) the representation as to "No Stamp taxes" in paragraph (f) above is deemed to be made by each Guarantor in respect of new Borrower Transaction Documents only on such date as such new Borrower Transaction Documents become Borrower Transaction Documents.

General Covenants

As at the date of the Deed of Guarantee, each Guarantor has covenanted, in relation to the Borrower Transaction Documents, to the Security Trustee and the Guarantee Beneficiaries, in a manner substantially similar in relation to those General Covenants given by the Group Borrower pursuant to the Finance Documents as described in "*Principal Features of a Loan Facility*" above, with the addition of the following covenants:

- (a) **Notification of Loan Enforcement Events:** each Guarantor shall promptly inform the Security Trustee (which shall in turn notify each Guarantee Beneficiary) of the occurrence of any Loan Enforcement Event relating to the Deed of Guarantee and, upon receipt of a written request to that effect from the Security Trustee, confirm to the Security Trustee that, save as previously notified to the Security Trustee or as notified in such confirmation, no Loan Enforcement Event in relation to the Deed of Guarantee has occurred;
- (b) **Status:** each Guarantor shall maintain:
 - (i) its registration as a Registered Social Landlord;
 - (ii) its registration under the Industrial and Provident Societies Act 1965 or, as the case may be, the Companies Act; and
 - (iii) its status as a charity or an exempt charity;
- (c) **Financial statements:** each Guarantor shall ensure that each set of financial statements:
 - (i) delivered by it is certified by a duly authorised officer of it as fairly representing its financial condition as at the end of the period to which those financial statements relate and of the results of its operations during such period; and
 - (ii) (in relation to annual financial statements) has been audited by auditors who are within the top 20 firms of auditors in the United Kingdom from time to time (determined by reference to the number of its partners) and who have demonstrable expertise as auditors in the social housing sector or such auditors as are otherwise acceptable to the Guarantee Beneficiaries;
- (d) **Negative pledge:** each Guarantor shall not, create or permit to subsist any Encumbrance over any of the Charged Properties with the exception of:
 - (i) any floating charge entered into by it prior to the Deed of Guarantee or any amendment or replacement to such floating charge other than an increase in the principal amount (excluding for this purpose any amounts payable in respect of break costs) secured by such floating charge;
 - (ii) any Encumbrance created pursuant to the Borrower Transaction Documents;
 - (iii) any lien arising by operation of law;
 - (iv) any floating charge over the Charged Properties provided that:
 - (a) at the time of entering into such floating charge it grants in favour of the Security Trustee a floating charge ranking *pari passu* with the claims of the other floating charge over the same assets in a form and substance satisfactory to the Security Trustee (acting reasonably) in respect of its obligations hereunder;
 - (b) the other floating charge holder enters into an intercreditor agreement in form and substance satisfactory to the Security Trustee (acting reasonably) so as to subordinate in a manner satisfactory to the Security Trustee (acting reasonably) the rights of such person as regards enforcement of its floating charge and control of the assets subject to that floating charge to the rights of the Security Trustee in relation to the Charged Properties subject to a fixed charge under any Security Document; and
 - (c) it has provided to the Security Trustee all necessary consents and authorisations reasonably required by the Security Trustee in connection with the floating charge referred to in (d)(iv)(a) above;
 - (v) the issuance of any bond or other stock issue which may include a floating charge and/or a charge over cash provided that such bond or other stock issue shall not include any Encumbrance over the Charged Properties;
 - (vi) any floating charge over all or substantially all of the assets and undertaking of it where it grants no Encumbrance over any proprietary interest in the freehold or leasehold property of it to or for the benefit of the relevant chargee other than that floating charge and other than, where it considers it necessary, a charge over cash or investments; or
 - (vii) any Encumbrance created with the prior written consent of the Group Borrower and the Security Trustee; and

- (e) **Disposal of Charged Properties:** each Guarantor covenants that it shall not, either in a single transaction or in a series of transactions, whether related or not, sell, transfer, grant, lease or accept a surrender of, or otherwise dispose of, all or any part of the Charged Properties except for:
- (i) the grant, surrender or variation or assured or secured residential tenancies (or any form of tenancy which replaces or is substituted for them by law) or nomination rights or the grant of any licence over the Charged Properties in a form which complies with any guidance issued by the Housing Corporation;
 - (ii) sales pursuant to a Right to Buy or any statutory right for a tenant to buy or following the final staircasing under a shared ownership lease;
 - (iii) a Shared Ownership Sale;
 - (iv) the grant of shared ownership leases over Charged Properties in a form which complies with any guidance issued by the Housing Corporation;
 - (v) the grant of Encumbrances over Charged Properties to the extent permitted under the covenant in relation to the Negative Pledge;
 - (vi) the grant of any lease or tenancy of any Charged Property which is a shop, garage or office on commercial arm's length terms;
 - (vii) any release or substitution of Charged Properties permitted by the Borrower Transaction Documents; or
 - (viii) any disposal undertaken with the prior written consent of the Group Borrower and the Security Trustee.

Accession to Deed of Guarantee

Should any person wish to become a Guarantee Beneficiary under the Deed of Guarantee, the Group Borrower shall deliver to the Security Trustee a Notice of New Guarantee Beneficiary along with a copy of the relevant Designated Agreement.

The Group Borrower must file an Accession Deed with the Security Trustee giving notice of any new Guarantor acceding to the Deed of Guarantee.

DEED OF COVENANT

The Group Borrower has entered into the Deed of Covenant with Circle Anglia Limited and each of the Guarantors pursuant to which the Group Borrower has agreed to limit the range of activities it may undertake to matters which fall within the objects and powers of the Guarantors.

Circle Anglia Limited and the Guarantors have agreed in the Deed of Covenant to procure that the Group Borrower complies with its obligations under the Deed of Covenant.

The Group Borrower has also agreed with the Guarantors in the Deed of Covenant that:

- (a) it undertakes to on-lend all amounts borrowed by it to the Guarantors, unless otherwise agreed with all of the Guarantors;
- (b) it shall ensure that the proceeds received under any Loan Facility Agreement shall be deposited into the Disbursement Account; and
- (c) the Group Borrower shall hold all monies credited to the Disbursement Account, its rights in and to the Disbursement Account and its rights to drawdown monies under each Loan Facility Agreement on trust for the Guarantors in the shares set out in the Deed of Covenant to ensure that any monies borrowed by the Group Borrower and not immediately on-lent by the Group Borrower to the Borrowers are held by the Group Borrower on trust for the Guarantors.

GROUP BORROWER SECURITY DEED

The Group Borrower, as continuing security for the payment of the Secured Amounts, has entered into the Group Borrower Security Deed with the Security Trustee pursuant to which the Group Borrower has created in favour of the Security Trustee a charge of the Group Borrower's right, title and interest in the Receipts Account and the Receipts Deposits, and a security assignment of its rights under each Intra-Group Loan Agreement which shall be held by the Security Trustee on trust for the Issuer and all Loan Facility Providers (as defined in the Security Trust Deed).

The Group Borrower has also covenanted in the Group Borrower Security Deed that, it will not without the Security Trustee's prior written consent, permit or agree to any variation of the property which is the subject of the security created pursuant to the Group Borrower Security Deed and except as authorised by a Relevant Document, it will not at any time when there are Secured Amounts outstanding, withdraw or otherwise transfer the Receipts Deposit.

FIXED CHARGE

The Charges

Each Guarantor, as continuing security for the payment of the Secured Obligations, has entered into and will enter into one or more Fixed Charges in favour of the Security Trustee pursuant to which each Guarantor has created or will create:

- (a) a first fixed legal mortgage over certain Charged Properties owned by such Guarantor;
- (b) a first fixed charge over all benefits, claims and returns of premium in respect of any Insurance and the benefit of all present and future licences, consents, agreements, covenants, rights and authorisations held in connection with the Charged Properties and the right to receive and recover all rent, income and compensation which may at any time become payable to it in respect thereof;
- (c) a fixed charge over the Chargor's Assets referred to in the legal mortgage set out at (a) above or the assignment set out in (d) below if they are ineffective as a legal mortgage or assignment;
- (d) an assignment in favour of the Security Trustee of, *inter alia*:
 - (i) all present and future income and claims which are earned by or become payable to or for the account of each Guarantor in connection with or by reference to the Charged Property (including, without limitation, income from rent, service charges and licence fees) and proceeds of any sale of any interest in the Charged Property;
 - (ii) the personal agreements and covenants (still subsisting and capable of being enforced) by the tenants, lessees, licensees or other parties under any Approved Tenancy in respect of the Charged Properties and by all guarantors and all security held by each Guarantor from time to time, whether present or future, in respect of obligations of the tenants, lessees, licensees or other parties under any Approved Tenancy;
 - (iii) all agreements now or from time to time entered into or to be entered into to enable the charging or assignment by way of security of the Charged Property and for the sale, letting or other disposal or realisation of the whole or any part of the Charged Property and including any development agreements, contracts or warranties in relation to the Charged Property;
 - (iv) the licences held now or in the future in connection with the Charged Property and also the right to recover and receive all compensation which may at any time become payable to each Guarantor in relation to the Charged Property;
 - (v) any Insurance relating to the Charged Property and all proceeds paid or payable thereunder; and
 - (vi) the benefit of all guarantees, warranties and representations given or made now or hereafter by, and any rights or remedies against, all or any of the designers, builders, contractors, professional advisers, sub-contractors, manufacturers, suppliers and installers of any fixtures in respect of the Charged Property.

Benefit of Fixed Charges

The Security Trustee will hold the benefit of each Fixed Charge on trust for the Finance Beneficiaries in accordance with the terms of the Security Trust Deed.

Representations and Warranties

Each Guarantor has represented and warranted to the Security Trustee in the relevant Fixed Charge that, except as disclosed in any certificates of title regarding the Charged Properties and except for the rights of tenants under any Approved Tenancy:

- (a) it is the absolute legal and beneficial owner of each Charged Property;
- (b) practical completion of each Charged Property has occurred;

- (c) there is no breach of any planning legislation, by-laws or local authority or statutory requirements which materially affects or is reasonably likely to materially and adversely affect the Value of a Charged Property;
- (d) there are no covenants, agreements, stipulations, reservations, conditions, interests, rights (other than nomination rights which do not run with the land) or other matters whatsoever affecting a Charged Property which materially affect or are reasonably likely to materially and adversely affect the Value of such Charged Property;
- (e) nothing has arisen or been created or is subsisting which would be an overriding interest over any Charged Property;
- (f) no facilities (other than water, gas, electricity or telephone) necessary for the enjoyment and use of each Charged Property are enjoyed by the Charged Property on terms entitling any person to terminate or curtail its or their use to the extent which such materially affects or is reasonably likely to materially and adversely affect the Value of the Charged Property; and
- (g) the Guarantor has received no notice of any adverse claims by any person in respect of the ownership of a Charged Property nor any interest in it, nor has any acknowledgement been given to any person in respect of it.

Maintenance of Insurance

Each Guarantor has agreed in the relevant Fixed Charge that it will maintain Insurances (or procure the maintenance of Insurances by an owner of a superior interest in the Charged Property) in relation to those parts of the Charged Property which are of an insurable nature with reputable underwriters or insurance companies against the risks and to the extent as is usual for non-self-insuring housing associations carrying on activities such as that carried on by the relevant Guarantor and will duly pay all premiums and other moneys necessary for effecting and keeping up such insurance as and when the same become due.

Each Guarantor has agreed in the relevant Fixed Charge that it will procure that in respect to any insurance in respect of the Charged Property a note of the Security Trustee's interest is endorsed on that policy or those policies unless such insurance provides for automatic noting of the Security Trustee's interest and that the relevant Guarantor will not do or permit anything in or on or relating to the Charged Property or any part thereof which may make void or voidable any insurance in connection therewith.

Covenants of the Guarantors in relation to the Charged Properties

Each Guarantor has covenanted in the relevant Fixed Charge to the Security Trustee that it will, *inter alia*:

- (a) **Repair:** keep the Charged Property in good and tenantable repair and condition and adequately and properly decorated and maintained in good working order and condition (save for fair wear and tear) except where the Charged Property is awaiting or is in the course of Development;
- (b) **Compliance:** duly and punctually perform and observe all covenants and stipulations with which it is obliged to comply including any imposed by or contained in any lease, agreement for lease, tenancy agreement, licence or other deed of document affecting the Charged Property to the extent that failure to do so would adversely affect the Value of the Charged Property or the enforceability of the Fixed Charge;
- (c) **Indemnity for costs:** pay and indemnify the Security Trustee against all existing and future rents, taxes, rates, duties, fees, charges, assessments, impositions and outgoings whatsoever which now or in the future are properly payable by it in respect of the Charged Property;
- (d) **No forfeiture of leases:** not do or permit anything to be done which could make any lease of the Charged Property liable to forfeiture or to be determined;
- (e) **Tax and Outgoings:** pay or procure payment of, when due, any present and future tax, levy, impost, deduction, charge, duty and withholding, rate and any charge of a similar nature and any assessments and outgoings (whether parliamentary, parochial, local or of any other description) which may be assessed, charged or imposed on or payable in respect of the Charged Property (except to the extent that payment is being contested in good faith by appropriate proceedings) and will indemnify the Security Trustee (and as a separate covenant, any Receiver appointed by it) in

respect thereof and the Security Trustee may retain and pay all sums in respect of the same out of any money received under the powers conferred by the relevant Fixed Charge;

- (f) **Use Of Charged Property:** use the Charged Property only for the permitted use under or by virtue of any applicable authorisations, consent, approval, licence or planning permission;
- (g) **Regulations:** duly and punctually perform and observe all its obligations in connection with the Charged Property under any present or future regulations to the extent that failure to do so would adversely affect the Value of the Charged Property or the enforceability of the Fixed Charge;
- (h) **Development:** not carry out or permit to be carried out any Development having an adverse effect on the Value of any Charged Property:
 - (i) in the case of Unallocated Charged Properties, without the Security Trustee's written prior consent;
 - (ii) in the case of the NAB Charged Properties, as prescribed by the NAB Administration Agreement; and
 - (iii) in the case of SAB Charged Properties, without the prior consent of the Security Trustee and the relevant SAB Beneficiary.

In determining whether a Development will or will not have an adverse effect on the Value of any Charged Property, the Security Trustee shall be entitled to entirely rely on a Valuation of such Charged Properties made by the Valuer;

- (i) **Notices:** notify the Security Trustee (within seven days of receipt by the Guarantor) of any application, requirement, order or notice served or given by any person with respect to the Charged Property or its use and produce the original or a copy to the Security Trustee (within seven days of demand) and inform the Security Trustee of the steps taken or proposed to be taken to comply with any such requirement;
- (j) **Leases:** not grant or agree to grant any lease or tenancy of the Charged Property, accept or agree to accept the surrender or alteration of any lease or tenancy, or confer any contractual licence or right to occupy the Charged Property, except (x) an Approved Tenancy; (y) on terms which confer no lesser rights on the Guarantor as landlord or licensor and impose no obligations on the Guarantor additional to those set out in the Approved Tenancy; or (z) as agreed:
 - (i) in the case of Unallocated Charged Properties, without the Security Trustee's written prior consent;
 - (ii) in the case of the NAB Charged Properties, as prescribed by the NAB Administration Agreement; and
 - (iii) in the case of SAB Charged Properties, with the Security Trustee and the relevant SAB Beneficiary;
- (k) **Notice of Leases:** If the Security Trustee requires, the Guarantor will immediately notify the Security Trustee of all leases, licences or rights to occupy granted by or surrendered to it in relation to the Charged Property and provide the originals of them to the Security Trustee and at any time after a Loan Enforcement Event has occurred and while it is continuing, issue irrevocable instructions to the other parties to any lease or licence of the Charged Property to pay rents and sums due under them to the Security Trustee or into any account the Security Trustee may require;
- (l) **Access:** permit the Security Trustee and any person nominated by it to enter the Charged Property and view it at all reasonable times (provided that reasonable notice has been given by the Security Trustee);
- (m) **Investigation of Title:** after the occurrence of a Loan Enforcement Event which is continuing, grant the Security Trustee or its lawyers on request all facilities within the power of the Guarantor to enable such lawyers to carry out such investigations of title to the Charged Properties and other property which is or may be subject to the Fixed Charge and enquiries into matters in connection therewith as would be carried out by a prudent mortgagee. Such investigations shall be at the expense of the Guarantor; and
- (n) **Land Registry:** not allow any person other than itself to be registered under the Land Registration Act 2002 as proprietor of the Charged Property or any part of it or create or permit to arise any

interest which falls within either or both of Schedules 1 and 3 of the Land Registration Act 2002 affecting such property.

Enforcement of Fixed Charge

The security conferred by each Fixed Charge will become immediately enforceable and the power of sale and other powers conferred by section 101 of the Law of Property Act 1925 (as varied or amended by the Fixed Charge) will be immediately exercisable on and after a Loan Enforcement Event has occurred. After the security constituted by each Fixed Charge has become enforceable, the Security Trustee may subject to and in accordance with the Security Trust Deed enforce all or any part of the security in any manner it sees fit.

At any time after the security constituted by each Fixed Charge shall have become and remains enforceable, the Security Trustee may without any consent from or notice to the Guarantor or any other person enter upon and take possession of the Charged Property or any part thereof and may sell, call in, collect, convert into money, manage or appoint others to manage or otherwise deal with the same or any part thereof in such manner and for such consideration as the Security Trustee shall think fit.

SECURITY TRUST DEED

Overview

The Group Borrower has raised and may raise further funds by borrowing under Loan Facility Agreements from various Loan Facility Providers (as defined in the Security Trust Deed) and the Issuer (each a “**Finance Beneficiary**”, which term shall include any further Loan Facility Provider (as defined in the Security Trust Deed) which accede to the Security Trust Deed as lender to the Group Borrower).

The Security Trust Deed is made between the Security Trustee, the Group Borrower and each Guarantor for the purpose of determining how the interests of the Finance Beneficiaries benefit from and are allocated the Security held by the Security Trustee.

Addition of Finance Beneficiaries

The Issuer will accede to the Security Trust Deed on the Programme Date as a Finance Beneficiary. Additional Loan Facility Providers (as defined in the Security Trust Deed) may accede to the Security Trust Deed as a Finance Beneficiary upon the Group Borrower notifying the Security Trustee prior to the proposed date of accession and there being delivered to the Security Trustee a specified notice in respect of such accession and a copy of the relevant document evidencing the obligations of the relevant Obligor to such Finance Beneficiary. The Security Trustee shall notify each existing Finance Beneficiary and each Obligor of the accession of the new Finance Beneficiary to the Security Trust Deed.

Accession of Obligors

Additional Obligors may accede to the Security Trust Deed as an Obligor upon such a person notifying the Security Trustee prior to the proposed date of accession and there being delivered to the Security Trustee a specified notice in respect of such accession and a copy of the relevant document evidencing the obligations of the relevant Obligor and details of the properties which the proposed Obligor wishes to become Charged Properties. The Security Trustee shall notify each existing Finance Beneficiary and each Obligor of the accession of a new Obligor to the Security Trust Deed.

A new Obligor will be required to satisfy certain conditions precedent as set out in the relevant Loan Facility Agreements and any other loan facility agreement entered into by the Group Borrower and any other Loan Facility Provider (as defined in the Security Trust Deed) and accede to the Deed of Guarantee, the Deed of Covenant and the On-Loan Agreement in addition to the Security Trust Deed before becoming an Obligor.

The Security

The Security initially to be held by, or to the order of, the Security Trustee upon the trusts contained in the Security Trust Deed and as detailed in each Security Document creating, evidencing or granting security for the obligations of Obligors under a Relevant Document shall comprise the benefit of the Encumbrances, Rights and obligations arising in favour of the Security Trustee under each Security Document and each Ancillary Document and all notices of assignment or charge given pursuant to any of the Security Documents and all acknowledgements given in respect of such notices.

The Security Trustee may from time to time accept as security for the Secured Obligations the benefit of any security, rights or obligations as may from time to time be offered to it as security for the Secured Obligations provided that such security is granted in the form of a Fixed Charge or a Supplemental Fixed Charge and the relevant Obligor has satisfied in respect of such security the relevant conditions precedent to the satisfaction of the Security Trustee or the person prescribed by the NAB Administration Agreement or the relevant Finance Beneficiary as prescribed by the Security Trust Deed.

Protection of Charged Properties

Except as expressly permitted by a Relevant Document or as may be required by law, the Security Trustee has agreed in the Security Trust Deed that it shall not, (a) release any Charged Properties from the Security or re-allocate any of the Charged Properties; or (b) enter into any deed or document which would purport to impose any obligation on the relevant Finance Beneficiary or would create any Encumbrance affecting a Charged Property, provided that where a Relevant Document prescribes that either of the matters referred to in (a) or (b) above may occur with the prior written consent of the Finance Beneficiaries, such consent shall be given in relation to NAB Charged Properties, as prescribed by the NAB Administration Agreement or in relation to SAB Charged Properties, by the relevant SAB Beneficiary or SAB Beneficiaries, and provided further that either of the matters referred to in (a) or (b) above may occur in relation to an Unallocated Charged Property with the prior written consent of the relevant Obligor.

Security Register

Each Group Borrower has agreed in the Security Trust Deed that it will at all times maintain a register of all security interests created in respect of its assets (the “**Security Register**”) which are subject to the Security and will promptly make the relevant entry in the relevant part of the Security Register in respect of each asset charged by an Obligor in favour of the Security Trustee so as to form part of the Security Assets, each release of Security Assets from any Security Document, any disposition or dealing affecting any Security Asset including (without limitation) any disposition by operation of law and any disposal of all or part of any Shared Ownership Property but excluding any letting on an Approved Tenancy; and each reallocation of an Apportioned Part as part of the Unallocated Charged Properties or in favour of another Finance Beneficiary in accordance with the Security Trust Deed, provided that each Group Borrower in the Security Register shall at all times distinguish between the Apportioned Parts in respect of each Finance Beneficiary and any of the properties comprised in the Unallocated Charged Properties.

Apportionment of Charged Properties

It will be specified in the Loan Facility Agreements and any other loan facility agreement entered into by the Group Borrower and any other Loan Facility Provider (as defined in the Security Trust Deed) on which basis the Charged Properties have been allocated in respect of that loan facility. This allocation method will also be specified in the relevant Supplement for a Series which funds that Loan Facility.

The Security Trustee will apportion the Charged Properties into such number of parts among the Finance Beneficiaries as is appropriate under either:

- (a) the “**Numerical Apportionment Basis**” whereby a specific percentage of Units within the portfolio of Charged Properties is designated to a Finance Beneficiary which is a NAB Beneficiary on the basis to be set out in the NAB Administration Agreement; or
- (b) the “**Specific Apportionment Basis**” whereby specific individual Charged Properties are allocated to a specific Finance Beneficiary which is a SAB Beneficiary as agreed between such Finance Beneficiary and the relevant Obligor.

All Charged Properties allocated on the Specific Apportionment Basis are referred to as the “**SAB Charged Properties**” and all Units comprising the Charged Properties that have been allocated on a Numerical Apportionment Basis are referred to as the “**NAB Charged Properties**” and those that have not been so allocated under either method are referred to as the “**Unallocated Charged Properties**”. No Charged Property can be allocated under more than one method at the same time.

It is envisaged that the security for the Deed of Guarantee of the obligations of the Group Borrower under the Loan Facility made by the Issuer will initially be held on the Specific Apportionment Basis but this does not preclude that at some later stage, the Security Trustee, the Issuer and all other Loan Facility Providers (as defined in the Security Trust Deed) might agree to use the Numerical Apportionment Basis.

Re-allocation of Charged Properties upon breach by the Group Borrower or a Guarantor

In circumstances where the Group Borrower or a Guarantor is in breach of any asset cover, performance cover, withdrawal or similar ratios or any other covenants or requirements or similar ratio given in any Finance Document, then the Obligors and the Finance Beneficiaries may, to the extent it is necessary and possible, agree to increase the relevant Apportioned Part by:

- (a) in relation to the SAB Charged Properties, increasing the number of Charged Properties which have been allocated to the relevant SAB Beneficiary;
- (b) in relation to the NAB Charged Properties, increasing the percentage of Charged Properties which have been allocated to the relevant NAB Beneficiary or NAB Beneficiaries,

in each case by withdrawing Unallocated Charged Properties and allocating them to the relevant Apportioned Part or by such other means as have a similar effect and will instruct the Security Trustee to revise the Apportioned Parts accordingly provided always that the asset cover, performance cover, withdrawal or similar ratios or any other covenants or requirements that need to be satisfied prior to any withdrawal or disposal in respect of any other Finance Documents (collectively, the “**Asset Tests**”) continue to be complied with after such reallocation and no Loan Enforcement Event (other than the Loan Enforcement Event which is to be remedied by such reapportionment) has occurred and is outstanding or would occur as a result of such adjustment.

The Security Trustee shall have no obligation to the Finance Beneficiaries to monitor any compliance by the Obligors with, or satisfaction of, the Asset Tests pursuant to the Security Trust Deed but upon being notified of the completion of such re-allocation, the Security Trustee shall issue a revised Apportionment Certificate to the relevant Finance Beneficiaries.

Release and Substitution of Charged Properties

Notwithstanding the provisions of the Security Trust Deed regarding apportionment of Charged Properties, at the request and expense of an Obligor, the Security Trustee shall, as directed by that Obligor, either release entirely from the Security constituted by the Security Documents, or re-allocate from an Apportioned Part to the Unallocated Charged Properties or to another Apportioned Part such of the Charged Properties charged by that Obligor as may be selected by that Obligor.

No release of Charged Properties from the Security may occur unless in relation to the release or re-allocation of Unallocated Charged Properties, no Loan Enforcement Event or Loan Potential Enforcement Event has occurred and is continuing at that time or would result from such release or re-allocation, as certified to the Security Trustee by two authorised representatives of the relevant Obligor, in relation to the release or re-allocation of NAB Charged Properties, such requirements as are imposed by the NAB Administration Agreement have been satisfied or in relation to the release or re-allocation of SAB Charged Properties: (a) the Security Trustee has received from such Obligor in relation to the relevant Apportioned Part a Valuation of a representative proportion of the Charged Properties comprising that Apportioned Part prepared by the Valuer in accordance with the relevant Valuation Basis, as applicable, dated within the nine months preceding the Obligor's request, (b) the Valuation referred to in (a) above confirms that the relevant Asset Cover Covenants will not be breached after the release or re-allocation, as the case may be, of the relevant Security Assets; and (c) no Loan Enforcement Event or Loan Potential Enforcement Event has occurred and is continuing at that time or would result from such release or re-allocation, in each case to the satisfaction of the relevant SAB Beneficiaries.

Substitution of Security Assets

Notwithstanding the provisions of the Security Trust Deed regarding apportionment of Charged Properties, each Obligor shall be entitled to give instructions to the Security Trustee to either release a Charged Property from the Security Documents entirely; or re-allocate a Charged Property from an Apportioned Part to the Unallocated Charged Properties or another Apportioned Part, provided that, in substitution such Obligor grants a Fixed Charge over a substitute property of an equivalent Value: (a) in the case of the Unallocated Charged Properties, acceptable to the Security Trustee; (b) in the case of NAB Charged Properties, in accordance with the NAB Administration Agreement; and (c) in the case of SAB Charged Properties, acceptable to the relevant SAB Beneficiaries provided that the confirmation of such acceptance by the relevant SAB Beneficiaries shall not be unreasonably withheld or delayed, or deposits monies in the relevant Charged Account in accordance with the relevant Finance Document (whereupon the relevant Obligor shall notify the Security Trustee of the amount of such deposit and the

Finance Beneficiary holding an Account Charge over such deposit), in each case provided that: (i) in relation to Unallocated Charged Properties, no Loan Enforcement Event or Loan Potential Enforcement Event has occurred and is continuing at the relevant time (as certified to the Security Trustee by any two authorised officers of the relevant Obligor); (ii) in relation to NAB Charged Properties, such requirements as are imposed by the NAB Administration Agreement have been satisfied; and (iii) in relation to SAB Charged Properties, the relevant Asset Cover Covenants will not be breached at the time of, and immediately following, such substitution and no Loan Enforcement Event or Loan Potential Enforcement Event has occurred and is continuing at that time or would result from such substitution, in each case to the satisfaction of the relevant SAB Beneficiaries provided that the confirmation of such satisfaction of the relevant SAB Beneficiaries shall not be unreasonably withheld or delayed.

Notification of service of Enforcement Notice

Subject to the relevant NAB Beneficiary's rights pursuant to the NAB Administration Agreement, if any Finance Beneficiary serves notice of a Loan Enforcement Event on an Obligor under a Finance Document and decides to enforce the Security in respect thereof, it shall promptly notify the Security Trustee of the same and the Security Trustee shall forthwith notify the remainder of the Finance Beneficiaries and each Obligor of receipt of such notice.

Enforcement by Security Trustee

In relation to an Apportioned Part allocated to a Finance Beneficiary, the Security Trustee shall, if so instructed by that Finance Beneficiary, enforce the relevant Rights in accordance with the instructions of that Finance Beneficiary provided that the Security Trustee shall be entitled to decline to take any action to enforce any security unless indemnified and/or secured to its satisfaction against all costs, claims and expenses (including any costs award which may be made against it as a result of any such action or proceedings not being successful).

Application of Proceeds

Any moneys received by the Security Trustee pursuant to the Security Documents or by any Receiver appointed pursuant to any Security Document shall be applied by the Security Trustee in accordance with the Security Trust Deed as follows:

Application of Proceeds relating to SAB Beneficiaries

Upon the enforcement of any of the Security in respect of an SAB Beneficiary's Apportioned Part, and after satisfying claims which rank in priority to sums owing to that SAB Beneficiary, the Security Trustee shall apply the proceeds of any enforcement relating to that Apportioned Part:

- (i) *first*, in or towards payment of all costs of the Security Trustee and any Receiver relating to that Apportioned Part and Unallocated Charged Properties to the extent the Security Trustee has received payment from a Finance Beneficiary pursuant to an indemnity, the Security Trustee will pay such proceeds to that Finance Beneficiary to the extent of such indemnity payment;
- (ii) *second*, in or toward payment *pari passu* on a *pro rata* basis of that SAB Beneficiary's proportionate share of any expenses of the Security Trustee or Receiver relating to the repair or maintenance of any Charged Properties corresponding to such SAB Beneficiary's Apportioned Part;
- (iii) *third*, in or toward payment of the Secured Obligations owed to such SAB Beneficiary arising under or in connection with the Relevant Documents to which that Apportioned Part relates;
- (iv) *fourth*, in or toward payment of the Secured Obligations of each other Security Beneficiary arising under or in connection with the Relevant Documents in accordance with clause 8.5 (*Further distribution of Proceeds*) of the Security Trust Deed; and
- (v) *fifth*, in payment of the surplus (if any), to the Group Borrower or Guarantor against which such Security is being enforced.

Application of Proceeds relating to the NAB Charged Properties

Upon the enforcement of any of the Security in respect of the NAB Charged Properties, the proceeds thereof shall be applied in accordance with the NAB Administration Agreement.

Application of Proceeds of Unallocated Charged Properties and the Old Ford Floating Charge

Upon the enforcement of any of the Security in respect of the Unallocated Charged Properties and/or the Old Ford Floating Charge, and after satisfying claims which rank in priority to such Security, the Security Trustee shall apply the proceeds relating to the Unallocated Charged Properties and the Old Ford Floating Charge:

- (i) *first*, in or towards payment of all costs of the Security Trustee and any Receiver and any other amounts owing to the Security Trustee relating to the Unallocated Charged Properties and the Old Ford Floating Charge;
- (ii) *second*, in or toward payment of the Secured Obligations of each Security Beneficiary arising under or in connection with the Relevant Documents in accordance with Clause 8.5 (*Further distribution of Proceeds*) of the Security Trust Deed; and
- (iii) *third*, in payment of the surplus (if any), to the Obligor to which such Security is being enforced.

DESCRIPTION OF THE ISSUER

Introduction

The Issuer – Circle Anglia Social Housing Plc – is a public limited company incorporated in England and Wales on 13 September 2007 (registered number 06370683) under the Companies Act.

The registered office of the Issuer is at Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE (telephone: 020 7648 7499). The Issuer has no subsidiaries.

Principal Activities

The Issuer is a wholly owned Subsidiary of Circle Anglia Limited which holds all of the Ordinary Shares of the Issuer. The Issuer is a special purpose vehicle for the purpose of issuing Notes under the Programme described in the Base Prospectus and lending the proceeds thereof to the Group Borrower named herein and entering into, *inter alia*, the Issuer Transaction Documents to which it is a party. The Issuer will covenant in Condition 6 (*Issuer Covenants*) to observe certain restrictions on its activities which are detailed in Schedule 8 (*Issuer Covenants*) to the Incorporated Terms Memorandum.

Directors

The directors of the Issuer and their respective business addresses and other principal activities are:

Name	Business Address	Other Principal Activities
Mark Rogers	Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE	Director, Circle Anglia Limited Group Chief Executive, Circle Anglia Limited Director, Circle Anglia Treasury Limited
Calum Mercer	Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE	Group Finance Director, Circle Anglia Limited Director of Your Lifespace Limited Director of Circle Anglia Treasury Limited Director of Commercial Services, Circle Anglia Limited Director, Landericus Limited
Howard Cresswell	Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE	Deputy Group Chief Executive, Circle Anglia Limited Director of Circle Anglia Treasury Limited
Robert Black	Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE	Group Director of Services, Circle Anglia Limited Director of Circle Anglia Treasury Limited

The secretary of the Issuer is Capita Trust Company Limited whose business address is at 18 King William Street, London EC4N 7HE. The Issuer has no employees but has available to it the treasury and business recourses of the Circle Anglia Group to enable it to administer its business and perform its obligations.

Share Capital and Major Shareholders

The entire issued share capital of the Issuer comprises 50,000 ordinary shares (the “**Ordinary Shares**”) of £1 each, two of which are fully paid up and 49,998 of which are one quarter paid up. Circle Anglia Limited holds all of the Ordinary Shares of the Issuer.

Operations

Since the date of incorporation, the Issuer has not commenced operations and no financial statements have been made up as at the date of this Base Prospectus.

DESCRIPTION OF THE CIRCLE ANGLIA GROUP

Introduction

The Circle Anglia Group (the “**Group**”) was formed in July 2005 from the merger of two long-established housing association groups – Circle 33 and Anglia. It manages over 45,555 residential social housing properties (as at the date of the Base Prospectus) across London, Hertfordshire, Bedfordshire, Essex, Cambridgeshire, Norfolk, Suffolk, Lincolnshire, Northamptonshire, Surrey, Fenland, Kent and East Sussex either owned or managed in a mixture of different tenures and a housing asset base valued on an Existing Use Value for Social Housing at £1.5 billion making it one of the largest housing groups in the UK.

With circa 1,500 full time equivalent employees (as at the date of the Base Prospectus), the Group provides a range of housing solutions, specialist care and support services, employment and training opportunities.

The Group currently consists of Circle Anglia Limited (the group parent), which does not own any social housing assets but provides central services to the members of the Group, and seven asset-owning registered social landlords and a number of other operating subsidiaries which are pursuing associated activities, each of which is a direct or indirect subsidiary of Circle Anglia Limited. The Board of Management of Circle Anglia Limited (the “**Management Board**”) sets strategy across the Group and approves the business plans of the operating subsidiaries.

CIRCLE ANGLIA LIMITED

Incorporation and Status

Circle Anglia Limited was incorporated with limited liability under the Industrial and Provident Societies Act 1965 (with registered number 27604R) on 14 May 1992 and is registered under the Housing Act 1996 with the Housing Corporation (with registered number LH4046). It is also affiliated to the National Housing Federation. The registered address of Circle Anglia Limited is Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE. The telephone number of its registered address is 020 7288 4000.

Group Members

Apart from the Borrowers which are described in more detail below, other Group members include as at the date of this Base Prospectus:

- Epic Trust
- Commercial Services Circle Anglia Limited
- Anglia Maintenance Services Limited
- Old Ford Homes Limited
- Your Lifespace Limited
- HTC Limited
- Circle Anglia Foundation Limited
- Russet Homes Limited
- Invicta Telecare Limited
- Landericus Limited

Administrative, management and supervisory bodies in the Group

The Management Board is responsible for coordinating the Group’s activities and ensuring compliance with its values and objectives. A Strategy Board is responsible for setting strategies and policies for the whole Group.

The Management Board exercises control over the Borrowers and CAT (as defined below) through the legal controls reserved to it in the constitutions of the Borrowers and through contractual arrangements made between CAT and the Borrowers. Further controls and delegations are set out in the standing

orders for group members and an intra-group agreement including, in particular, the right reserved to the Management Board to approve the annual business plans of each of the Borrowers and CAT.

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

The names and positions of the current members of the Management 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 follows:

Name	Position	Other positions within the Group and principal activities outside the Group
Roger Humber	Interim Chair	<ul style="list-style-type: none"> ● Member, Circle Anglia Group Remuneration and Succession Committee ● Chair, East of England Business Group and the Construction Board of the Building Research Establishment ● Stakeholder member, East of England Regional Assembly and non-executive directorships within the housebuilding industry ● Former Chief Executive, House Builders Federation
Robert Burgin		<ul style="list-style-type: none"> ● Independent Member, Tri-Services Armed Forces' Pay Review Body since 2004 ● Chair, Papworth Hospital NHS Foundation Trust ● Fellow, Institution of Environmental Management ● Member, Institution of Mechanical Engineers
Jane Clarkson		<ul style="list-style-type: none"> ● Member, Circle Anglia Group Audit Committee ● Non-Executive Director of Teachers Assurance Friendly Society, chair of investment committee ● Magistrate ● Member, RICS Regulated Activities Committee
Baroness Maggie Jones		<ul style="list-style-type: none"> ● Chair, Circle 33 ● Member, Circle Anglia Group Remuneration & Succession Committee ● Life Peer, House of Lords ● Board member, Shelter ● Deputy Chair, School Food Trust
Murray Foster		<ul style="list-style-type: none"> ● Chair, South Anglia Limited ● Director, Renaissance Southend Urban Regeneration Company ● Director, Essex Chambers of Commerce ● Chair, Board of Governors at Westcliff High School for Girls
Nicola Lucking		<ul style="list-style-type: none"> ● Chair, Wherry ● Solicitor, private practice ● Director, St. Matthew Housing, a supported housing association ● Member, Corporation of Paston College ● Sits on the Solicitors Disciplinary Tribunal
Michael Webber		<ul style="list-style-type: none"> ● Chair, Russet Homes ● Head of Legal Services in Europe for the National Australia Banking Group (trading in the UK as Clydesdale Bank PLC and Yorkshire Bank)
Alan Catterick		<ul style="list-style-type: none"> ● Tenant Chair, Mole Valley ● Senior engineer, secretary and committee member of U.N.I.D.O (Small Scale Industrial Development) ● Project Manager, N.I.D.C.S. Tinkabi Project

Mark Rogers	Group Chief Executive	<ul style="list-style-type: none"> ● Director, Circle Anglia Treasury Limited ● Director, Circle Anglia Social Housing Plc ● Member, Chartered Institute of Housing
Martin Shaw OBE		<ul style="list-style-type: none"> ● Chair, Circle Anglia Group Remuneration & Succession Committee ● Consultant Planning Inspector Planning Inspectorate ● Independent Development and Transport Consultant

The business address of each of the above board members is Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE.

There are no potential conflicts of interest between any duties to the Group of the members of the Management Board and their private interests and/or duties.

Corporate Governance

In July 2007, the Housing Corporation issued circular 07/07 on internal controls assurance. The Management Board believes that the Group has in place the frameworks required to comply with the requirements of circular 07/07. The Management Board is of the view that the Group complies with the National Housing Federation's Code of Governance.

Group Executive Team

The Group Executive Team responsible for day-to-day management of the Group comprises the Group Chief Executive, the Deputy Group Chief Executive, the Group Director of Services, the Group Director of Development, the Group Director of Business Growth, the Group Finance Director, the Deputy Group Director of Services, the Group Director of People and Organisational Development and the Chief Operating Officer.

The names and positions of the current members of the Group 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	Other positions within the Group and principal activities outside the Group
Mark Rogers	Group Chief Executive	<ul style="list-style-type: none"> ● Management Board Member ● Director, Circle Anglia Treasury Limited ● Director, Circle Anglia Social Housing Plc
Howard Cresswell	Deputy Group Chief Executive	<ul style="list-style-type: none"> ● Director, Circle Anglia Treasury Limited ● Director, Circle Anglia Social Housing Plc
Calum Mercer	Group Finance Director	<ul style="list-style-type: none"> ● Director, Circle Anglia Treasury Limited ● Director, Circle Anglia Social Housing Plc ● Director, Your Lifespace Limited ● Director, Commercial Services, Circle Anglia Limited ● Director, Landericus Limited
Robert Black	Group Director of Services	<ul style="list-style-type: none"> ● Director, Circle Anglia Treasury Limited ● Director, Circle Anglia Social Housing Plc
Andy Doylend	Group Director of Development	<ul style="list-style-type: none"> ● Director, Your Lifespace Limited
Madeleine Forster	Group Director of People and Organisational Development	<ul style="list-style-type: none"> ● Director, Old Ford Homes Limited
David Williams	Group Director of Business Growth	<ul style="list-style-type: none"> ● Director, Old Ford Homes Limited ● Director, Commercial Services, Circle Anglia Limited

Sarah Trota	Group Director of People and Organisational Development
Mike Kingsley	Interim Chief Operating Officer
Kai Boschmann	Group Director, External Affairs

The business address of each of the Group Executive Team is Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE. There are no potential conflicts of interest between any duties to Circle Anglia Limited of the members of the Group Executive Team and their private interests and/or duties.

Shareholders and capital structure

As at the date of this Base Prospectus, Circle Anglia Limited has allotted, issued and fully paid 11 ordinary shares of £1 each. Ordinary shareholders are not entitled to any dividend.

Circle Anglia Limited'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 Circle Anglia Limited. The Management Board has agreed that membership of Circle Anglia Limited should be restricted to people who are appointed to the Management Board.

There has been no material change in the capitalisation or indebtedness of Circle Anglia Limited, no contingent liabilities nor other guarantees have been incurred or given by Circle Anglia Limited since the date of its incorporation.

Group Housing Stock

	2006	2007	2008
Social housing rented	24,565	25,117	39,558
Shared ownership	1,298	1,633	2,220
Key worker	236		422
Leasehold.. .. .	540	791	2,172
Temporary	31		4
Non-social rented	125	287	454
Other non-social	115	111	206
Total stock owned.. .. .	26,910	27,939	45,036
Accommodation managed on behalf of others	7,779	1,021	945
Less stock owned but not managed	(1,057)	(1,135)	(1,435)
Total Stock managed	33,632	27,825*	44,546

Group Litigation

None of the members of the Group are or have been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which Circle Anglia Limited is aware) which may have or have had, in the 12 months preceding the date of this Base Prospectus, a material adverse effect on the financial position or surplus reserves of the Group.

Recent Developments

As at 31 March 2008, the Group had net current liabilities of £566 million (compared to £5 million as at 31 March 2007) and long term debt of £772 million (compared to £762 million as at 31 March 2007). The £566m in net current liabilities included £550m in short term warehousing facilities used to assist the restructuring of the Group's financing arrangements. As at 31 March 2008, the Group had committed facilities of £1.7bn, with undrawn committed facilities of £559m. Additional long term facilities of £570m were signed after year end.

Turnover from social housing activities represents 98 per cent. of the total Group turnover which has grown by 30 per cent. to £166 million. This reflects an increase of £16 million before the increase from new Group members of £23 million reflected in the year. Profit before tax has reduced from £32 million to

£15 million due to reduced income from sales and one off interest costs associated with restructuring the funding arrangements of the Group.

Material Adverse Change

Circle Anglia Limited acquired Mole Valley on 29 October 2007 and Roddons on 5 November 2007 and therefore due to the timing of the acquisitions the first audited financial statements of Mole Valley and Roddons have been prepared for the year ending 31 March 2008. There has been no material adverse change in the prospects of Circle Anglia Limited since 31 March 2008.

The report of the Management Board and consolidated financial statements for the Circle Anglia Group for the financial year ended 31 March 2008 are set out in Appendix 1.

CIRCLE ANGLIA TREASURY LIMITED

Incorporation and Status

Circle Anglia Treasury Limited (“CAT”) was incorporated with limited liability under the Companies Act (with registered number 6133979) on 1 March 2007. The registered address of CAT is Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE. The telephone number of its registered address is 020 7288 4000.

Shareholders and capital structure

As at the date of this Base Prospectus, CAT has allotted, issued and fully paid 1 ordinary share of £1 which is owned by Circle Anglia Limited.

CAT provides central treasury services to the Borrowers and is the main borrowing company within the Group, in that it borrows funds from financial institutions, and will borrow funds from the Issuer and on-lend these funds to the Borrowers under the On-Loan Agreement. The Management Board determines the borrowing strategy for CAT in order that the borrowing requirements of the Borrowers under their latest business plans can be met. The only assets of CAT are its rights against the Borrowers under the On-Loan Agreement.

Indebtedness	31 March 2007	31 March 2008
	£000s	£000s
Secured and borrowed from Banks and other Financial Institutions, and on-lent to the Borrowers	0	925,000
Secured and borrowed from the Issuer	0	0
Unsecured and on-lent to the Borrowers	0	0
Contingent Liabilities	0	0

CAT did not have outstanding as at 31 March 2008 any loan capital or loan capital created but unissued, term loans, borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, liabilities under finance leases, hire purchase commitments, mortgages, charges, material contingent liabilities or guarantees.

CAT had bank facilities of £1.5 billion as at 31 March 2008 and since have completed raising £570 million in new facilities which have been used to prepay short term warehouse facilities to finalise the group funding structure. Save as disclosed above, there has been no material change in the capitalisation or indebtedness of CAT, no contingent liabilities nor other guarantees have been incurred or given by CAT since 31 March 2008 as at the date of this Base Prospectus.

Directors

The names and positions of the current members of the Board of Directors of CAT 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	Other positions within the Group and principal activities outside the Group
Mark Rogers	Director Group Chief Executive	<ul style="list-style-type: none"> ● Management Board Member ● Director, Circle Anglia Social Housing Plc
Calum Mercer	Director Group Finance Director	<ul style="list-style-type: none"> ● Director, Circle Anglia Social Housing Plc ● Director, Your Lifespace Limited ● Director, Commercial Services Circle Anglia Limited ● Director, Landericus Limited
Howard Cresswell	Director Deputy Group Chief Executive	<ul style="list-style-type: none"> ● Director, Circle Anglia Social Housing Plc
Robert Black	Director Group Director of Services	<ul style="list-style-type: none"> ● Director, Circle Anglia Social Housing Plc

The business address of each of the above board members is Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE.

Financial Information

Financial statements are produced for the financial year to 31 March. Interim accounts are not produced although management accounts are produced on a monthly basis.

Auditors

The auditors of CAT are KPMG LLP, Chartered Accountants, Registered Auditors. KPMG LLP is a member of Institute of Chartered Accountants of England and Wales.

Significant Change

Save as disclosed above, since the date of incorporation, there have been no significant changes in the financial or trading position and no material adverse change in the financial position or prospects of CAT.

THE BORROWERS

The Borrowers are Circle Thirty Three Housing Trust Limited (“**Circle 33**”), Old Ford Housing Association (“**Old Ford**”), South Anglia Housing Limited (“**South Anglia**”), Wherry Housing Association Limited (“**Wherry**”), Roddons Housing Association Limited (“**Roddons**”) and Mole Valley Housing Association Limited (“**Mole Valley**”) and are each a Subsidiary of Circle Anglia Limited. Each Borrower is a registered social landlord and a not-for profit organisation whose activities are regulated by the Housing Corporation. The Borrowers, save for Old Ford, are all Industrial and Provident Societies, and, as such, are exempt from registration with the Charity Commission but still have charitable status, whilst Old Ford (as a company) is registered with the Charity Commission.

Business Overview of the Borrowers

Each of the Borrower’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 rents, and for open market and affordable residential property sales.

Any surplus which may result from the Borrowers’ operations are reinvested in the Group.

Active in over 80 local authority areas, the Borrowers work 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 Borrower’s activities, which include:

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

CIRCLE THIRTY THREE HOUSING TRUST LIMITED

Incorporation and Status

Circle 33 was incorporated with limited liability under the Industrial and Provident Societies Act 1965 (with registered number 18652R) on 7 June 1968 and is registered under the Housing Act 1996 with the Housing Corporation (with registered number L0031). It is also affiliated to the National Housing Federation. The registered address of Circle 33 is Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE. The telephone number of its registered address is 020 7288 4000.

Associated Entities

Circle 33 has one wholly owned subsidiary company – Your Lifespace Limited.

Shareholders and capital structure

As at the date of this Base Prospectus, Circle 33 has allotted, issued and fully paid, 17 ordinary shares of £1 each.

Indebtedness	31 March 2007	31 March 2008
	<i>£000s</i>	<i>£000s</i>
Secured and borrowed from Banks and other Financial Institutions	386,417	97,089
Secured and borrowed from the Group Borrower	0	413,681
Unsecured	0	0
Contingent Liabilities	4,061	691

Save as aforesaid, Circle 33 did not have outstanding at 31 March 2008 any loan capital or loan capital created but unissued, term loans, borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, liabilities under finance leases, hire purchase commitments, mortgages, charges, material contingent liabilities or guarantees.

Since 31 March 2008 Circle 33 has drawn £193 million of which around £100 million is being held in short term and overnight money market funds, £50 million on behalf of other group members with the remaining being attributable to Circle 33's operational and investing activities.

At the close of business on 31 March 2007, Circle 33 had cash in hand of £7.3 million. As at the close of business on 31 March 2008 cash in hand had increased to £9.2 million.

Board of Management

The names and positions of the current members of the Board of Management of Circle 33 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	Other positions within the Group and principal activities outside the Group
Baroness Maggie Jones	Chair	<ul style="list-style-type: none"> ● Management Board member ● Chair, Circle 33 ● Member, Circle Anglia Remuneration & Succession Committee ● Board member, Shelter ● Life Peer, House of Lords ● Deputy Chair, School Food Trust
Marie Doogan	Independent Member	
Bryan Osborn	Independent Member	<ul style="list-style-type: none"> ● Member, Development & Business Growth Committee
Garth Williams	Independent Member	
Munim Farid	Independent Member	
Pamela Mitcham	Independent Member	<ul style="list-style-type: none"> ● Member, EPIC Trust
Toby Taper	Independent Member	
Aidan McKeon	Independent Member	
Judith Wren	Resident Member	
Paul Stevens	Resident Member	
Cara McMahon	Resident Member	

The business address of each of the above board members is Circle Anglia House, 1–3 Highbury Station Road, London N1 1SE.

Financial Information

Financial statements are produced for the financial year to 31 March. Interim accounts are not produced although management accounts are produced on a monthly basis.

Auditors

The auditors of Circle 33 are KPMG LLP, Chartered Accountants, Registered Auditors. KPMG LLP is a member of Institute of Chartered Accountants of England and Wales.

Significant Change

Since 31 March 2008, there have been no significant changes in the financial or trading position and no material adverse change in the financial position or prospects of Circle 33.

HOUSING PORTFOLIO OF CIRCLE 33

Information contained in this section is in relation to the properties contained in the portfolio of Circle 33 as at 31 March 2008. Circle 33 has the right to release and substitute its properties as described in “Principal Features of a Loan Facility” and “Description of the Deed of Guarantee and Underlying Security”.

Type of Units

Unit Type	% Split
Non-self contained	5.18
Bedsits	2.48
1 Bedroom Flats	34.03
1 Bedroom Houses	1.27
2 & 3 Bedroom Flats	27.79
2 & 3 Bedroom Houses.. .. .	24.14
4 & 5 Bedroom Flats	0.83
4 & 5 Bedroom Houses.. .. .	4.15
6+ Bedroom Flats	0.01
6+ Bedroom Houses	0.12
TOTAL	100.00

Geographical Distribution

Local Authority	% Split
Islington	22.31
Waltham Forest	12.39
Haringey	11.98
Hackney	9.72
Camden	8.70
Tower Hamlets.. .. .	6.24
Luton	5.36
Other Local Authority Areas	23.30
TOTAL	100.00

OLD FORD HOUSING ASSOCIATION**Incorporation and Status**

Old Ford is a company limited by guarantee incorporated under the Companies Act (with registered number 3487210) on 22 December 1997 and is registered under the Housing Act 1996 with the Housing Corporation (with registered number L4221). It is also a registered charity (with registered number 1075125). It is also affiliated to the National Housing Federation. The registered address of Old Ford is Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE. The telephone number of its registered address is 020 7288 4000.

Associated Entities

Old Ford has one wholly owned subsidiary company.

Shareholders and capital structure

Old Ford is a company limited by guarantee. As at the date of this Base Prospectus, Old Ford has 8 members.

Indebtedness	31 March 2007	31 March 2008
	<i>£000s</i>	<i>£000s</i>
Secured and borrowed from Banks and other Financial Institutions	39,343	0
Secured and borrowed from the Group Borrower	0	29,523
Unsecured	0	0
Contingent Liabilities	0	0

Save as aforesaid, Old Ford did not have outstanding at 31 March 2008 any loan capital or loan capital created but unissued, term loans, borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, liabilities under finance leases, hire purchase commitments, mortgages, charges, material contingent liabilities or guarantees.

There has been no material change in the capitalisation or indebtedness of Old Ford, no contingent liabilities nor other guarantees have been incurred or given by Old Ford since 31 March 2008.

At the close of business on 31 March 2007, Old Ford had cash in hand of £2.6 million. As at the close of business on 31 March 2008, cash in hand had reduced to £0.78 million.

Board of Management

The names and positions of the current members of the Board of Management of Old Ford 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	Other positions within the Group and principal activities outside the Group
Alan Riddell	Chair	
David Butcher	Independent Member	
Shabbir Chowdhury	Resident Member	
Marc Francis	Independent Member	
Janet Ludlow	Independent Member	
Shaun Mundy	Independent Member	
Paul Pearce	Resident Member	
Ken Peters	Independent Member	
Pauline Roach	Resident Member	
Symon Sentain	Independent Member	
Rick Winfield	Resident Member	

The business address of each of the above board members is Circle Anglia House, 1-3 Highbury Station Road, London, N1 1SE.

Financial Information

Financial statements are produced for the financial year to 31 March. Interim accounts are not produced although management accounts are produced on a monthly basis.

Auditors

The auditors of Old Ford are KPMG LLP, Chartered Accountants, Registered Auditors. KPMG LLP is a member of Institute of Chartered Accountants of England and Wales.

Significant Change

Since 31 March 2008, there have been no significant changes in the financial or trading position and no material adverse change in the financial position or prospects of Old Ford.

HOUSING PORTFOLIO OF OLD FORD

Information contained in this section is in relation to the properties contained in the portfolio of Old Ford as at 31 March 2008. Old Ford has the right to release and substitute its properties as described in “Principal Features of a Loan Facility” and “Description of the Deed of Guarantee and Underlying Security”.

Type of Units

Unit Type	% Split
Bedsit	2.81
1 Bedroom Flats	24.48
1 Bedroom Houses	0.39
2 & 3 Bedroom Flats	52.72
2 & 3 Bedroom Houses.. .. .	13.84
4 & 5 Bedroom Flats	1.91
4 & 5 Bedroom Houses.. .. .	3.61
6+ Bedroom Houses	0.24
TOTAL	100.00

Geographical Distribution

All of the units are located in Tower Hamlets.

SOUTH ANGLIA HOUSING LIMITED

Incorporation and Status

South Anglia was incorporated with limited liability under the Industrial and Provident Societies Act 1965 (with registered number 28100R) on 16 December 1994 and is registered under the Housing Act 1996 with the Housing Corporation (with registered number LH4094). It is also affiliated to the National

Housing Federation. The registered address of South Anglia is Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE. The telephone number of its registered address is 020 7288 4000.

Shareholders and capital structure

As at the date of this Base Prospectus, South Anglia has allotted, issued and fully paid, 21 ordinary shares of £1 each.

Associated Entities

South Anglia has no wholly owned subsidiaries.

Indebtedness	31 March 2007	31 March 2008
	<i>£000s</i>	<i>£000s</i>
Secured and borrowed from Banks and other Financial Institutions	173,564	0
Secured and borrowed from the Group Borrower	0	215,854
Unsecured	0	0
Contingent Liabilities	234	0

Save as aforesaid, South Anglia did not have outstanding at 31 March 2008 any loan capital or loan capital created but unissued, term loans, borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, liabilities under finance leases, hire purchase commitments, mortgages, charges, material contingent liabilities or guarantees.

There has been no material change in the capitalisation or indebtedness of South Anglia, no contingent liabilities nor other guarantees have been incurred or given by South Anglia since 31 March 2008.

At the close of business on 31 March 2007, South Anglia had cash in hand of £0.2 million. As at the close of business on 31 March 2008 cash in hand increased to £0.4 million.

Board of Management

The names and positions of the current members of the Board of Management of South Anglia 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	Other positions within the Group and principal activities outside the Group
Murray Foster	Chair	
Lynne Milligan	Independent Member	
Patrick Pedder	Independent Member	
Les Warder	Independent Member	Anglia Maintenance Services Board Member
Victoria Nadauld	Resident Member	
Simon Yule	Resident Member	
Cllr Simon Walsh	Local Authority Nominee	Braintree District Council
Cllr David Andrews	Local Authority Nominee	East Hertfordshire District Council

The business address of each of the above board members is Circle Anglia House, 1-3 Highbury Station Road, London, N1 1SE.

Financial Information

Financial statements are produced for the financial year to 31 March. Interim accounts are not produced although management accounts are produced on a monthly basis.

Auditors

The auditors of South Anglia are KPMG LLP, Chartered Accountants, Registered Auditors. KPMG LLP is a member of Institute of Chartered Accountants of England and Wales.

Significant Change

Since 31 March 2008, there have been no significant changes in the financial or trading position and no material adverse change in the financial position or prospects of South Anglia.

HOUSING PORTFOLIO OF SOUTH ANGLIA

Information contained in this section is in relation to the properties contained in the portfolio of South Anglia as at 31 March 2008. South Anglia has the right to release and substitute its properties as described in “*Principal Features of a Loan Facility*” and “*Description of the Deed of Guarantee and Underlying Security*”.

Type of Units

Unit Type	% Split
Non-self contained	1.77
Bedsits	6.53
1 Bedroom Flats	16.49
1 Bedroom Houses	7.38
2 & 3 Bedroom Flats	13.12
2 & 3 Bedroom Houses.. .. .	52.09
4 & 5 Bedroom Houses.. .. .	2.62
TOTAL	100.00

Geographical Distribution

Local Authority	% Split
East Hertfordshire	47.17
Barking & Dagenham	9.83
Basildon	10.55
Braintree	8.51
Harlow	7.20
Other Local Authority Areas	16.74
TOTAL	100.00

WHERRY HOUSING ASSOCIATION LIMITED**Incorporation and Status**

Wherry was incorporated with limited liability under the Industrial and Provident Societies Act 1965 (with registered number 26622R) on 15 May 1989 and is registered under the Housing Act 1996 with the Housing Corporation (with registered number LH3866). It is also affiliated to the National Housing Federation. The registered address of Wherry is Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE. The telephone number of its registered address is 020 7288 4000.

Associated Entities

Wherry has no Subsidiaries.

Shareholders and capital structure

As at the date of this Base Prospectus, Wherry has allotted, issued and fully paid nine ordinary shares of £1 each.

Indebtedness	31 March 2007	31 March 2008
	<i>£000s</i>	<i>£000s</i>
Secured and borrowed from Banks and other Financial Institutions	151,600	1,400
Secured and borrowed from the Group Borrower	0	185,486
Unsecured	0	0
Contingent Liabilities	249	215

Save as aforesaid, Wherry did not have outstanding at 31 March 2008 any loan capital or loan capital created but unissued, term loans, borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, liabilities under finance leases, hire purchase commitments, mortgages, charges, material contingent liabilities or guarantees.

There has been no material change in the capitalisation or indebtedness of Wherry and no contingent liabilities nor other guarantees have been incurred or given by Wherry since 31 March 2008.

At the close of business on 31 March 2007, Wherry had cash in hand of £0.3 million. As at the close of business on 31 March 2008 cash in hand was £0.2 million.

Board of Management

The names and positions of the current members of the Board of Management of Wherry 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	Other positions within the Group and principal activities outside the Group
Nicola Lucking	Chair / Independent Member	Management Board member
Mitra Hedman	Independent Member	
Nigel Rule	Independent Member	
Grizelda Tyler	Independent Member	
Ruth Langslow	Independent Member	
Muriel Smith	Resident Member	
Terry Moralee	Resident Member	
Cllr Andrew Proctor	Local Authority Nominee	Broadland District Council
Cllr Roger Foulger	Local Authority Nominee	Broadland District Council

The business address of each of the above board members is Circle Anglia House, 1-3 Highbury Station Road, London, N1 1SE.

Financial Information

Financial statements are produced for the financial year to 31 March. Interim accounts are not produced although management accounts are produced on a monthly basis.

Auditors

The auditors of Wherry are KPMG LLP, Chartered Accountants, Registered Auditors. KPMG LLP is a member of Institute of Chartered Accountants of England and Wales.

Significant Change

Since 31 March 2008, there have been no significant changes in the financial or trading position and no material adverse change in the financial position or prospects of Wherry.

HOUSING PORTFOLIO OF WHERRY

Information contained in this section is in relation to the properties contained in the portfolio of Wherry as at 31 March 2008. Wherry has the right to release and substitute its properties as described in "Principal Features of a Loan Facility" and "Description of the Deed of Guarantee and Underlying Security".

Type of Units

Unit Type	% Split
Bedspace	0.08
Bedsits	4.65
1 Bedroom Flats	13.60
1 Bedroom Houses	10.33
2 & 3 Bedroom Flats	4.91
2 & 3 Bedroom Houses.. .. .	64.69
4 & 5 Bedroom Houses.. .. .	1.72
6+ Bedrooms	0.02
TOTAL	100.00

Geographical Distribution

Local Authority	% Split
Breckland	1.82
Broadland	67.51
Cambridgeshire	2.22
Great Yarmouth	1.57
Ipswich	3.11
Kings Lynn	5.61
North Norfolk	3.23
Norwich	2.66
Peterborough	1.52
South Norfolk	5.67
Others Local Authority Areas	5.08
TOTAL	100.00

MOLE VALLEY HOUSING ASSOCIATION LIMITED**Incorporation and Status**

Mole Valley was incorporated with limited liability under the Industrial and Provident Societies Act 1965 (with registered number 30312R) on 21 August 2007 and is registered under the Housing Act 1996 with the Housing Corporation (with registered number L4500). The registered address of Mole Valley is Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE. The telephone number of its registered address is 020 7288 4000.

Associated Entities

Mole Valley has no Subsidiaries.

Shareholders and capital structure

As at the date of this Base Prospectus, Mole Valley has allotted, issued and fully paid, 12 ordinary shares of £1 each.

Indebtedness	31 March 2008
	<i>£000s</i>
Secured and borrowed from Banks and other Financial Institutions	0
Secured and borrowed from the Group Borrower	40,096
Unsecured	0
Contingent Liabilities	0

Save as aforesaid, Mole Valley did not have outstanding as at 31 March 2008 any loan capital or loan capital created but unissued, term loans, borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, liabilities under finance leases, hire purchase commitments, mortgages, charges, material contingent liabilities or guarantees.

There has been no material change in the capitalisation or indebtedness of Mole Valley, no contingent liabilities nor other guarantees have been incurred or given by Mole Valley since 31 March 2008.

As at the close of business on 31 March 2008 cash in hand was £0.2 million.

Board of Management

The names and positions of the current members of the Board of Management of Mole Valley 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	Other positions within the Group and principal activities outside the Group
Bernadette Griffin	Independent Member	
Barry Nethercott	Independent Member	
Peter Stringer	Independent Member	
David Williams	Independent Member	Group Director of Business Growth Director, Commercial Services, Circle Anglia Limited Director, Old Ford Homes Limited
William Williams	Independent Member	
Alan Catterick	Chair / Resident Member	Management Board member
Addas Kordbagh	Resident Member	
Victoria Lock	Resident Member	
Michael Pateman	Resident Member	
Sheila Whitty	Resident Member	
Brian Creamer	Leaseholder Member	
Cllr Anne Howarth	Local Authority Nominee	Mole Valley District Council
Cllr Jean Pearson	Local Authority Nominee	Mole Valley District Council
Cllr Peter Smith	Local Authority Nominee	Mole Valley District Council
Cllr Heather Ward	Local Authority Nominee	Mole Valley District Council

The business address of each of the above board members is Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE.

Financial Information

Mole Valley joined the Group on 29 October 2007 and therefore the financial statements to 31 March 2008 are the first to be produced for the Circle Anglia Group. Interim accounts are not produced although management accounts are produced on a monthly basis.

Auditors

The auditors of Mole Valley are KPMG LLP, Chartered Accountants, Registered Auditors. KPMG LLP is a member of Institute of Chartered Accountants of England and Wales.

Significant Change

Since 31 March 2008, there have been no significant changes in the financial or trading position and no material adverse change in the financial position or prospects of Mole Valley.

HOUSING PORTFOLIO OF MOLE VALLEY

Information contained in this section is in relation to the properties contained in the portfolio of Mole Valley as at 31 March 2008. Mole Valley has the right to release and substitute its properties as described in "*Principal Features of a Loan Facility*" and "*Description of the Deed of Guarantee and Underlying Security*".

Type of Units

Unit Type	% Split
Bedsits	14.80
1 Bedroom Houses	8.00
2 & 3 Bedroom Houses.. .. .	39.20
4, 5 Bedroom Houses	1.00
1 Bedroom Flats	25.40
2 & 3 Bedroom Flats	11.60
TOTAL	100.00

Geographical Distribution

All of the Units are located in Mole Valley.

RODDONS HOUSING ASSOCIATION LIMITED**Incorporation and Status**

Roddons was incorporated with limited liability under the Industrial and Provident Societies Act 1965 (with registered number 30161R) on 3 January 2007 and is registered under the Housing Act 1996 with the Housing Corporation (with registered number L4501). The registered address of Roddons is Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE. The telephone number of its registered address is 020 7288 4000.

Shareholders and capital structure

As at the date of this Base Prospectus, Roddons had allotted, issued and fully paid, 11 ordinary shares of £1 each.

Associated Entities

Roddons has no wholly owned subsidiaries.

Indebtedness	31 March 2008
	<i>£000s</i>
Secured and borrowed from Banks and other Financial Institutions	0
Secured and borrowed from the Group Borrower	38,360
Unsecured	0
Contingent Liabilities	0

Save as aforesaid, Roddons did not have outstanding at 31 March 2008 any loan capital or loan capital created but unissued, term loans, borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, liabilities under finance leases, hire purchase commitments, mortgages, charges, material contingent liabilities or guarantees.

There has been no material change in the capitalisation or indebtedness of Roddons, no contingent liabilities nor other guarantees have been incurred or given by Roddons since 31 March 2008.

As at the close of business on 31 March 2008 cash in hand was £0.3 million.

Board of Management

The names and positions of the current members of the Board of Management of Roddons 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	Other positions within the Group and principal activities outside the Group
Gloria Culyer	Independent member	
Joanne MacCullum	Independent member	
Terry Moralee	Independent member	
Chris Palmer	Independent member	
Gail Sykes	Independent member	
Jean Key	Resident member	
Brenda Reynolds	Chair/ Resident member	Management Board member
Gillian Smith	Resident member	
Patricia Tickner	Resident member	
Cllr Martin Curtis	Local Authority Nominee	Fenland District Council
Cllr Cliff Edwards	Local Authority Nominee	Fenland District Council
Cllr Michael Humphrey	Local Authority Nominee	Fenland District Council
Cllr Peter Murphy	Local Authority Nominee	Fenland District Council
Cllr David Wheeler	Local Authority Nominee	Fenland District Council

The business address of each of the above board members is Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE.

Financial Information

Roddons joined the Group on 5 November 2007 and therefore the financial statements to 31 March 2008 are the first to be produced for the Circle Anglia Group. Interim accounts are not produced although management accounts are produced on a monthly basis.

Auditors

The auditors of Roddons are KPMG LLP, Chartered Accountants, Registered Auditors. KPMG LLP is a member of Institute of Chartered Accountants of England and Wales.

Significant Change

Since 31 March 2008, there have been no significant changes in the financial or trading position and no material adverse change in the financial position or prospects of Roddons.

HOUSING PORTFOLIO OF RODDONS

Information contained in this section is in relation to the properties contained in the portfolio of Roddons as at 31 March 2008. Roddons has the right to release and substitute its properties as described in “*Principal Features of a Loan Facility*” and “*Description of the Deed of Guarantee and Underlying Security*”.

Type of Units

Unit Type	% Split
Bedsits	1.90
1 Bedroom Houses	19.80
2 & 3 Bedroom Houses.. .. .	54.10
4, 5 Bedroom Houses	1.80
1 Bedroom Flats	12.70
2 & 3 Bedroom Flats	9.70
TOTAL	100.00

Geographical Distribution

All of the Units are located in Fenland.

TAXATION

United Kingdom Taxation

The following is a summary of the Issuer's understanding of the law and practice in the United Kingdom as at the date of this Base Prospectus in relation to the United Kingdom withholding taxation treatment of payments of principal and interest in respect of the Notes. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of the Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Noteholders should be aware that the particular terms of issue of any Series of Notes as specified in the applicable Final Terms may affect the tax treatment of that and any other Series of Notes.

The following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to the United Kingdom withholding taxation treatment of payments of principal and interest in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

(i) United Kingdom Withholding Tax

Notes which carry a right to interest will constitute "quoted Eurobonds" within the meaning of section 987 of the Income Tax Act 2007 (the "**Act**") as long as they are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Act. The Irish Stock Exchange is a recognised stock exchange for these purposes. The Notes will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Irish Stock Exchange. Provided that the Notes are and remain so listed, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where (i) the term of the Notes is less than 365 days and the Notes do not form part of a scheme or arrangement under which the borrowing is for a period of 365 days or more; or (ii) the payment of interest is made by a company and, at the time that the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the 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, interest on the Notes generally falls to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available including under the provisions of any applicable double taxation treaty.

(ii) Provision of Information

Noteholders should note that where any interest on the Notes is paid to them (or to any person acting on their behalf) by the Issuer or any person in the United Kingdom acting on behalf of the Issuer (a "**paying agent**"), or is received by any person in the United Kingdom acting on behalf of the relevant Noteholder (other than where collection is purely passive, for example, solely by clearing or arranging the clearing of a cheque) (a "**collecting agent**"), then the Issuer, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to HM Revenue & Customs details of the payment and certain details relating to the Noteholder (including the Noteholder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Noteholder is resident in the United Kingdom for United Kingdom tax purposes. In certain circumstances, the details provided to HM Revenue & Customs may be passed by HM Revenue & Customs to the tax authorities of certain other jurisdictions.

The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes where the amount payable on redemption is greater than the issue price of the Notes. However, HM Revenue & Customs' published practice indicates that no information will be required to be provided in respect of such redemption amounts where such redemption amounts are paid on or before 5 April 2009.

(iii) Other points relating to United Kingdom withholding tax

Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Notes will not be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in paragraph (i) above, but may be subject to reporting requirements as outlined in paragraph (ii) above.

Where the Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.

The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the notes or any related documentation.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each EU member state is required to provide to the tax authorities of another EU member state details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual resident or certain limited types of entity established in that other EU member state; however, for a transitional period, Austria, Belgium and Luxembourg are instead required (unless during that period they elect otherwise) to apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain EU member states adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or secured by such a person for, an individual resident or certain limited types of entity established in an EU member state. In addition, the EU member states have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in an EU member state to, or secured by such a person for, an individual or certain limited types of entity established in one of those territories.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to the Dealer(s). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealer(s) are set out in the Dealer Agreement and made between the Issuer and the Dealer(s). Any such agreement will, *inter alia*, make provision for the price at which the Notes will be purchased by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Series of Notes.

United States of America

The Notes 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 accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes 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 United States Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes, as certified to the Principal Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Series of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Series purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each Dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes 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 of any Series of Notes, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Notes may be subject to additional U.S. selling restrictions as the Issuer and Dealer may agree on a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the relevant Final Terms. Each Dealer has agreed that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;
- (b) 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 Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

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

Canada

The Notes will not be qualified for sale under the securities laws of any province or territory of Canada. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or distributed and will not offer, sell or distribute any Notes, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with applicable securities laws. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not and will not distribute or deliver the Base Prospectus, or any other offering material in connection with any offering of Notes in Canada, other than in compliance with applicable securities laws.

General

With the exception of the approval by the Financial Regulator of this Base Prospectus as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Ireland, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands the Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes 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, the Note Trustee nor any of the other Dealers shall have any responsibility therefor.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed “General” above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Series of Notes) or (in any other case) in a Supplement.

Public Offer Selling Restrictions 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**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, 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 Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time 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) at any time to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000; and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (a) to (d) above shall require the Issuer or any 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 Notes to the public” in relation to any Notes 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 Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, 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.

GENERAL INFORMATION

Listing

This Base Prospectus has been approved by the Financial Regulator as competent authority under the Prospectus Directive. The Financial Regulator only approves this Base Prospectus as meeting requirements imposed under Irish and EU Law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for each Series of Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and trading on its regulated market. Prior to the listing of any Notes, the constitutional documents of the Issuer and the legal notice relating to the issue will be registered with the Listing Agent, where copies of these documents may be obtained upon request. Approval of the Financial Regulator relates only to secured Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purpose of Directive 2004/39/EC or which are to be offered to the public in any member state of the European Economic Area.

However, Notes may be issued pursuant to the Programme which will not be listed on the Irish Stock Exchange or any other stock exchange or which will be listed on such other stock exchange as the Issuer and the relevant Dealer(s) may agree.

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the ISIN in relation to the Notes of each Series will be specified in the Final Terms relating thereto. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Use of proceeds

The net proceeds of the issue of each Series will be applied by the Issuer as specified in the Base Prospectus, the relevant Supplement and in the relevant Final Terms.

No significant change

Save as disclosed in this Base Prospectus, there has been no material adverse change in the financial position or prospects of the Issuer since 31 March 2007.

Save as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position of the Group Borrower or any of the Borrowers since 31 March 2008 and there has been no material adverse change in the prospects of the Group Borrower or any of the Borrowers since 31 March 2008.

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

Documents available for inspection

For so long as the Programme remains in effect or any Notes shall be outstanding, copies of the following documents may be inspected physically during normal business hours at the specified office of the Principal Paying Agent, namely:

- (a) the Dealer Agreement;
- (b) the Note Trust Deed;
- (c) the Note Security Deed;
- (d) the Paying Agency Agreement;
- (e) the Accounts Agreement;
- (f) the Incorporated Terms Memorandum;
- (g) the Master Execution Deed;
- (h) the relevant Issuer Series Transaction Documents specified in the relevant Supplement;
- (i) any reports, letters, balance sheets, valuations and statements of experts included or referred to in this Base Prospectus and any Final Terms (other than consent letters);

- (j) each Supplement and each Final Terms relating to Notes which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. (In the case of any Notes which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by the relevant Noteholders);
- (k) each Account Charge; and
- (l) each Loan Facility Agreement.

CERTAIN DEFINITIONS

“Accession Deed” means a duly executed accession deed by which a new guarantor may accede to the Deed of Guarantee or Deed of Covenant;

“Accession Memorandum” means a duly executed accession memorandum by which a new obligor accedes to the Security Trust Deed;

“Additional Obligors” means any additional Borrower or Guarantor;

“Ancillary Documents” means the valuations, reports or certificates of title held by the Security Trustee and/or the Issuer in respect of the Security Assets;

“Anniversary” means an anniversary of the relevant Series Closing Date;

“Apportioned Part” means:

- (a) in relation to NAB Charged Properties, the percentage of NAB Charged Properties to which an NAB Beneficiary is entitled or which are allocated to it in the event the relevant Designated Document states that the “Numerical Apportionment Basis” is to apply, in accordance with the NAB Administration Agreement; and
- (b) in relation to SAB Charged Properties, such SAB Charged Properties as have been specifically allocated to a SAB Beneficiary, as agreed between such SAB Beneficiary and the relevant Obligor(s) and notified to the Security Trustee, in the event the relevant Designated Document states that the “Specific Allocation Basis” is to apply;

“Apportionment Certificate” has the meaning given to it in the Security Trust Deed;

“Approved Tenancy” means a tenancy agreement, shared ownership lease or licence substantially in line with the guidelines of the Housing Corporation or in such other form as may be approved by the relevant Finance Beneficiary (acting reasonably);

“Arrangers” means Royal Bank of Canada Europe Limited and TradeRisks Limited;

“Asset Cover Covenants” in relation to a Loan Facility has the meaning ascribed to that term in the relevant Loan Transaction Terms;

“Asset Tests” means those tests in relation to asset cover, performance cover, withdrawal or similar ratios or any other covenants or requirements that need to be satisfied prior to any withdrawal or disposal in respect of any other Finance Documents;

“Beneficiaries” means the Guarantee Beneficiaries and the Security Beneficiaries and **“Beneficiary”** means each of them;

“Borrower Transaction Documents” means the Deed of Guarantee and the Security Documents;

“Business Day” means, except where used in the Conditions, a day on which commercial banks and foreign exchange markets settle in London;

“Cash Security Account” means, in relation to each Series, an account of the Issuer established in accordance with the Accounts Agreement or another accounts agreement in respect of Charged Cash in respect of such Series;

“Charged Account” means each Guarantor Charged Account and each Cash Security Account and **“Charged Accounts”** means all of them;

“Charged Cash” means, at any time in relation to each Series, the amounts standing to the credit of the Cash Security Account and/or any Guarantor Charged Account at such time for the purposes of compliance by the Group Borrower with the terms of the relevant Loan Facility Agreement;

“Charged Property” means each Residential Property charged by a Guarantor to the Security Trustee under a Fixed Charge as security for that Guarantor’s obligations under the Deed of Guarantee (together, the **“Charged Properties”**);

“Chargor’s Assets” means all or any present or future assets, undertakings, properties, revenues and rights of every description of the relevant Guarantor which has created a Fixed Charge;

“**Circle 33**” means Circle Thirty Three Housing Trust Limited, an Industrial and Provident Society with registered number 18652R and with its registered office at Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE;

“**Circle Anglia Group**” or the “**Group**” means Circle Anglia Limited (or any other body succeeding it as parent of the Circle Anglia Group) and each of its Subsidiaries;

“**Clearstream, Luxembourg**” means Clearstream Banking, *société anonyme*;

“**Companies Act**” has the meaning given to the term “Companies Acts” in Section 2 of the Companies Act 2006, with the addition of the words “to the extent they are in force” at the end of Section 2(1)(a);

“**Compliance Certificate**” means a compliance certificate to be delivered by the Group Borrower to a Guarantee Beneficiary (and simultaneously posted on the Group Borrower’s website) pursuant to the relevant Loan Facility Agreement;

“**Conditions Precedent Document**” means each of the Group Borrower Conditions Precedent Documents and each of the Legal Charges Conditions Precedent Documents;

“**Dangerous Substance**” means any natural or artificial substance (whether in the form of a solid, liquid, gas or vapour) the generation, transportation, storage, treatment, use or disposal of which (whether along or in combination with any other substance) gives rise to a risk of causing harm to man or any other living organism or causing damage to the Environment or public health or welfare and includes but is not limited to any controlled, special, hazardous, toxic, radioactive or dangerous waste;

“**Deed of Covenant**” means the deed of covenant dated 24 May 2007 between, *inter alios*, the Group Borrower, the Original Guarantors and Old Ford, as acceded to by Mole Valley and Roddons and other parties from time to time;

“**Designated Agreements**” means those agreements, as amended, restated, novated or supplemented from time to time, entered into between the Group Borrower and the Guarantee Beneficiaries which are designated by the Group Borrower and the Guarantors as a “Designated Agreement” for the purposes of the Deed of Guarantee;

“**Designated Documents**” means those agreements, as amended, restated, novated or supplemented from time to time, entered into between the Group Borrower and the Guarantors as a “Designated Document” for the purposes of the Security Trust Deed;

“**Desk-top Valuation**” means, in relation to the Charged Properties, a valuation of those properties addressed to, *inter alia*, the Issuer (copied to the Security Trustee and the Note Trustee) provided by a Valuer on a “desk-top” basis;

“**Development**” means a project which is undertaken for any development, demolition, construction, refurbishment, alteration, major repair or improvement of the Charged Property;

“**Disbursement Account**” means the account into which the Group Borrower credits amounts lent to the Group Borrower by the Issuer and from which account such funds are on-lent to the Guarantors;

“**Encumbrance**” means:

- (a) a mortgage, charge (including any floating charge), pledge, lien or other encumbrance securing any obligation of any person or granting any security to a third party; or
- (b) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect;

“**Environment**” means the environment as defined in section 1(2) of the Environmental Protection Act 1990;

“**Environmental Claims**” mean any claim by any person against any Guarantor:

- (a) in respect of losses or liabilities suffered or incurred by that person as a result of or in connection with any violation of Environmental Laws; or
- (b) that arises as a result of or in connection with Environmental Contamination and that could give rise to any remedy or penalty (whether interim or final) that could reasonably be expected to be enforced or assessed against any Guarantor by private or public legal action or administrative order or proceedings;

“**Environmental Contamination**” means the following and the consequences thereof:

- (a) any release, emission, leakage or spillage at or from any site owned or occupied by any Guarantor into any part of the Environment of any toxic, poisonous, noxious or polluting matter or hazardous, detrimental or Dangerous Substance or thing; or
- (b) any accident, fire, explosion or sudden event which adversely affects the Environment and which is attributable to the operations, management or control of any site owned or occupied by any Guarantor including (without limitation) the storage, handling, labelling or disposal of waste or hazardous, toxic or Dangerous Substances;

“Environmental Laws” means any common or statutory law or regulation having the force of law, relating to the protection of human health, the workplace or the Environment (whether or not in force at the date of the Loan Facility Agreement);

“Euroclear” means Euroclear Bank S.A./N.V.;

“Excluded Financial Indebtedness” means:

- (a) in the case of a Guarantor, any indebtedness in respect of, or liability to repay or reimburse, any Public Sector Grant or any loan to a Guarantor in respect of which recourse of the creditor concerned is limited to enforcing its rights against a public sector body guaranteeing or providing a deficit funding agreement or similar assurance against loss in respect of that Public Sector Grant or loan; and
- (b) any indebtedness of a Guarantor to another Guarantor;

“Expense Apportioned Part” means, for so long as the Notes of more than one Series are outstanding, the amount of the fees, costs, expenses, and other liabilities of the Issuer which are not referable to a specific Series apportioned equally between each Series outstanding;

“Final Repayment Date” means, in relation to a Loan, the date specified as such in the relevant Loan Transaction Terms on which all payments on the relevant Loan in are finally due and payable;

“Finance Document” has the meaning given to it in the relevant Loan Facility Agreement, except in the section entitled *“Description of the Deed of Guarantee and Underlying Security”* where it shall have the meaning given in the Security Trust Deed;

“Financial Indebtedness” means in relation to any entity any indebtedness for or in respect of:

- (a) any indebtedness for borrowed money;
- (b) any amount raised by acceptance under any acceptance credit facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with generally accepted accounting principles applicable to it, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) for the purposes of the Loan Events of Default, any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution (without double counting any other item under this definition); and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above (without double counting any other item under this definition),

but excluding any Excluded Financial Indebtedness and any amounts held in a Charged Account or otherwise as security for the repayment of Financial Indebtedness;

- “Financial Indebtedness Percentage”** has the meaning given to it in the relevant Final Terms;
- “Financial Year”** means the financial year of the Group Borrower or each Guarantor as determined by the audited accounts of the Group Borrower or each Guarantor;
- “Fixed Advance”** means an Advance in respect of which interest is to be calculated on a fixed rate basis in accordance with the relevant Loan Facility Agreement;
- “Floating Advance”** means an Advance in respect of which interest is to be calculated on a floating rate basis in accordance with the relevant Loan Facility Agreement;
- “Floating Charge”** means the Old Ford Floating Charge and any floating charge created in favour of the Security Trustee by a Guarantor which is a company incorporated under the Companies Act;
- “Gearing Test”** has the meaning given to it in the section entitled “Principal Features of a Loan Facility – Financial Covenants”;
- “Grant”** means a grant payable under Section 50 of the Housing Act 1988 or Sections 18, 20 or 21 of the Housing Act or any replacement or substitute grant payable under any other law applicable to Registered Social Landlords or to housing associations;
- “Group Borrower Security Deed”** means the security deed dated 24 May 2007 between the Group Borrower and the Security Trustee;
- “Guarantor Charged Account”** means, in respect of a Series, the account of each Guarantor charged in favour of the Issuer pursuant to an Account Charge in respect of such Series;
- “Housing Act”** means the Housing Act 1996;
- “Housing Associations Act”** means the Housing Associations Act 1985;
- “Housing Corporation”** means The Housing Corporation constituted pursuant to Part III of the Housing Associations Act or any similar or replacement authority carrying on all or part of the same functions;
- “Industrial and Provident Society”** means an Industrial and Provident Society registered under the Industrial and Provident Societies Act 1965;
- “Insurance”** means the insurance policies applicable to each Unit;
- “Irish Stock Exchange”** means the Irish Stock Exchange Limited;
- “Issuer Expenses”** means amounts due and payable by the Issuer in the following order of priority: (i) to the Agents under the Paying Agency Agreement and to the Account Bank under the Accounts Agreement, then (ii) to the independent accountants, agents and counsel of the Issuer for fees and expenses (including amounts payable in connection with the preparation of tax forms on behalf of the Issuer and any registered office fees), then (iii) any other person in respect of any governmental fee, charge or tax, then (iv) to any Dealers in respect of any amounts payable in respect of indemnities under the Dealer Agreement and the Subscription Agreement, then (v) to the Rating Agencies (in respect of fees and expenses in connection with the ratings of the Notes, including the annual fees payable to the Rating Agencies for monitoring such rating), then (vi) to the Listing Agent, the Financial Regulator and the Irish Stock Exchange in respect of the listing of the Notes, and then (vii) to any other person in respect of any other fees or expenses (including indemnities) permitted under the Trust Documents and the documents delivered pursuant to or in connection with the Trust Documents and the Notes;
- “Listing Agent”** means The Bank of New York Mellon at One Canada Square, London E14 5AL, in its capacity as listing agent in respect of the Notes;
- “Loan”** means, in respect of each Series, the aggregate principal amount outstanding under the relevant Loan Facility Agreement;
- “Loan Default Rate”** means, in relation to a Loan Facility, a rate of interest determined by the Issuer as lender from time to time to be the amount of the Default Margin (as defined in the Loan Facility Agreement) above the rate of interest which would have been payable if the overdue amount had, during the period of non-payment, constituted a Floating Advance for such successive periods of such duration as the Agent may determine;
- “Loan Enforcement Event”** means in relation to the Deed of Guarantee:

- (a) the failure of an Obligor to pay sums due and owing to a Finance Beneficiary under such Deed of Guarantee after the Security Trustee is directed by the relevant Finance Beneficiary to make a demand under it and such Finance Beneficiary is entitled to payment thereof; and/or
- (b) such event as entitles a Finance Beneficiary to require the enforcement of any of the Security Documents or the Group Borrower Security Deed;

“Loan Facility Provider” means the Issuer as lender;

The **“Loan Gross Redemption Yield”** on the portion of an Advance equal to the Prepayment Amount and on the Benchmark Gilt will be expressed as a percentage and will be calculated on the basis indicated by the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields” page 5 Section one: Price/Yield Formulae, “Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date”;

“Loan Insolvency Event”, in relation to a Loan Facility, in respect of an entity means:

- (a) such entity is unable or admits its inability to pay its debts as they fall due (after taking into account any grace period or permitted deferral), or suspends making payments on any of its debts; or
- (b) the value of the assets of such entity is less than the amount of its liabilities, taking into account its contingent and prospective liabilities and this could reasonably be expected to have a MAE on such entity; or
- (c) a moratorium is declared in respect of any indebtedness of such entity; or
- (d) the commencement of negotiations with one or more creditors of such entity with a view to rescheduling any indebtedness of such entity other than in connection with any refinancing in the ordinary course of business; or
- (e) any corporate action, legal proceedings or other procedure or step is taken in relation to:
 - (i) the appointment of a Loan Insolvency Official in relation to such entity or in relation to the whole or any part of the assets of such entity; or
 - (ii) an encumbrancer taking possession of the whole or of any material part of the undertaking or assets of such entity; or
 - (iii) the making of an arrangement, composition, or compromise, (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with any class of creditors of such entity, an insolvent reorganisation of such entity, a conveyance to or assignment for the creditors of such entity generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such entity generally other than in connection with any refinancing in the ordinary course of business; or
 - (iv) any distress, execution, attachment or other process being levied or enforced or imposed upon or against the whole or any material part of the undertaking or assets of such entity (excluding, in relation to the Issuer, by the Note Trustee or any Receiver) and not discharged within ten Business Days; or
- (f) any procedure or step taken, or any event occurs, analogous to those set out in (a) to (e) above, in any jurisdiction;

“Loan Insolvency Official”, in relation to a Loan Facility, means any liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer;

“Loan Interest Period” means, in relation to a Loan Facility, each loan interest period for each Advance, except the initial Loan Interest Period and the last Loan Interest Period, from (and including) a Payment Date to (but excluding) the Note Payment Date next following. The initial Loan Interest Period for each Advance will start on the relevant Series Closing Date and end on the next following Note Payment Date. The last Loan Interest Period shall end on the Final Repayment Date, and each is a Loan Interest Period;

“Loan Potential Enforcement Event” means, in relation to a Loan Facility, any event which would become (with the passage of time, the giving of notice, the making of any determination hereunder or any combination thereof) a Loan Enforcement Event;

“Loan Proceeds” means, in relation to a Loan Facility, the proceeds of any Advance borrowed pursuant to a Loan Facility Agreement;

“**Loan Trigger Events**” means, in relation to a Loan Facility, a Loan Event of Default which relates solely to a Guarantor;

“**Loan Utilisation Date**”, means in relation to a Loan Facility, the date on which an Advance is or is to be made;

“**Margin**” has the meaning given to it in the relevant Final Terms;

“**Minimum Prepayment Amount**” has the meaning given to it in the Loan Facility Agreement Standard Terms;

“**Minimum Value of the NAB Charged Properties**” means, in respect of each Series unless otherwise specified in the Final Terms:

$$\left(\frac{A}{105} + \frac{B}{125} \right) \times 100$$

where:

A = the Value of the NAB Charged Properties for such Series for which a Guarantor has selected Valuation Basis II; and

B = the Value of the NAB Charged Properties for such Series for which a Guarantor has selected Valuation Basis I;

“**Minimum Value of the SAB Charged Properties**” means, in respect of each Series unless otherwise specified in the Final Terms:

$$\left(\frac{A}{105} + \frac{B}{125} \right) \times 100$$

where:

A = the Value of the SAB Charged Properties which have been charged as security for the Group Borrower's obligations pursuant to the Loan Facility Agreement for such Series for which a Guarantor has selected Valuation Basis II; and

B = the Value of the SAB Charged Properties which have been charged as security for the Group Borrower's obligations pursuant to the Loan Facility Agreement for such Series for which a Guarantor has selected Valuation Basis I;

“**Mole Valley**” means Mole Valley Housing Association Limited, an Industrial and Provident Society with registered number 30312R and with its registered address at Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE;

“**NAB Administration Agreement**” means the numerical apportionment administration agreement to be entered into by the parties to the Security Trust Deed;

“**NAB Beneficiary**” means each Finance Beneficiary which has been allocated Charged Properties on a Numerical Apportionment Basis and “**NAB Beneficiaries**” means all of them;

“**NAB Charged Properties**” means, at any time, all Units comprising the Charged Properties that have been allocated to the NAB Beneficiaries on a Numerical Apportionment Basis and “**NAB Charged Property**” means each of them;

“**NAB Loan-to-Value Test**” means where the Numerical Apportionment Basis has been specified as the method of apportionment of the Charged Properties in relation to the Loan Facility, the aggregate of:

- (a) the Minimum Value of the NAB Charged Properties multiplied by the Series Security Percentage; and
- (b) the aggregate amount of any cash in the Charged Accounts,

is not less than the Loan **provided that** the Guarantor may cure any breach of the above covenant by:

- (i) within 20 Business Days of becoming aware of such breach, prepaying a part of the Loan together with all accrued interest on that amount to the date of repayment and any amounts

due in respect of that repayment under the default interest provisions of the Loan Facility Agreement Standard Terms; and/or

- (ii) within 20 Business Days of becoming aware of such breach, procuring that a payment is made into a Charged Account; and/or
- (iii) within 40 Business Days of becoming aware of such breach, allocating Charged Properties acceptable to the Issuer (which shall not consent to such allocation without the approval of the Note Trustee) to the Issuer,

so that, following such action, the NAB Loan-to-Value Test is satisfied;

“Net Worth” means at any time, the historic gross cost of the properties (other than any properties which are not residential properties (whether or not completed)) owned by the Guarantors without adjustment for any subsequent Valuations and without any deduction for depreciation or impairment as shown in the most recent financial statements and the notes thereto of each Guarantor and certificates delivered pursuant to the provisions and requirements relating to the deliverance of financial statements;

“Notice of New Finance Beneficiary” means the notice by which a New Finance Beneficiary (as defined in the Security Trust Deed) accedes to the Security Trust Deed as a lender to the Group Borrower;

“Notice of New Guarantee Beneficiary” means the notice by which a New Guarantee Beneficiary (as defined in the Deed of Guarantee) accedes to the Deed of Guarantee as a beneficiary under the Deed of Guarantee;

“Numerical Apportionment Basis” means the numerical apportionment basis set out in the NAB Administration Agreement;

“Obligor” means the Group Borrower or a Guarantor;

“Old Ford” means Old Ford Housing Association, a company limited by guarantee incorporated under the Companies Act with registered number 3487210 and with its registered address at Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE;

“Old Ford Floating Charge” means the floating charge granted by Old Ford in favour of the Security Trustee on 12 October 2007;

“On-Loan Agreement” or **“Intra-Group Loan Agreement”** means the agreement made between the Group Borrower and the Guarantors pursuant to which the Group Borrower on-lends the proceeds of each Loan Facility Agreement to one or more of the Guarantors on terms and subject to the conditions thereof, as the same may be replaced, amended, supplemented or varied from time to time;

“Payment Date” means, in respect of each Series, the date or dates specified as such in, or determined in accordance with the provisions of, the Loan Transaction Terms when payments are to be made under the Loan Facility Agreement relating to such Series;

“Permanent Global Note” means each permanent global note issued by the Issuer in accordance with the terms of the Note Trust Deed;

“Public Sector Grant” means, in relation to a Guarantor, a Grant or any other grant, loan or subsidy provided by:

- (a) a body which is a public sector authority as defined in Section 573 of the Housing Act 1985 other than a Registered Social Landlord or a housing association;
- (b) a body which is a development corporation as defined by Sections 4(c) or (d) of the Housing Act 1985;
- (c) a primary care trust or a strategic health authority as defined in the National Health Service Act 1977 (as amended by the National Health Service Reform and Health Care Professions Act 2002);
- (d) a housing action trust within the meaning of the Housing Act 1988;
- (e) English Partnerships or the National Lottery Commission;
- (f) any other body agreed between the Group Borrower and the Issuer from time to time; or
- (g) any body which in the opinion of the auditors of the Group Borrower is equivalent to any of the above entities,

presented on the balance sheet of such Guarantor as a grant, but in each case, in relation to repayment thereof by a Guarantor, such amounts ranking no higher than the general body of creditors in the winding up of the relevant Guarantor;

“Receipts Account” means, in relation to a Loan Facility Agreement, the bank account into which the Group Borrower credits all amounts received from the Borrowers in repayment of the amounts lent to them under the On-Loan Agreement prior to repaying the same under loans made to the Group Borrower by the Issuer;

“Receipts Deposit” means, in relation to a Facility Agreement, the credit balance from time to time of the Receipts Account and all rights, benefits and proceeds in respect thereof;

“Registered Social Landlord” means a person registered as a social landlord pursuant to the Housing Act (as amended from time to time) or any replacement or successor legislation thereto (and includes, for the avoidance of doubt, any registered provider of social housing under such replacement or successor legislation and/or, if the term registered social landlord is no longer used in the relevant replacement or successor legislation, then any regulated provider of social housing under such replacement or successor legislation) provided that if such legislation is repealed and not replaced or succeeded, the term “Registered Social Landlord” shall be given such meaning as the Note Trustee (after consultation with the Loan Facility Provider) considers to correspond to such meaning as at the date that such legislation is repealed;

“Relevant Documents” means the Finance Documents, the Security Documents, the Ancillary Documents and the Group Borrower Security Deed;

“Repayment Date” means, in relation to each Loan Facility, a date against which an amount is set out in the Repayment Profile;

“Repayment Profile” means, in respect of any Advance repayable on an Amortising Basis, the relevant repayment profile in relation to each Loan Facility set out in schedule 3 (*Repayment Profile*) of the relevant Loan Transaction Terms;

“Repeating Representations” means each of the representations contained in the Relevant Documents which are repeated from time to time as provided for in each of the Relevant Documents;

“Residential Property” means any complete property situated in England or Wales or (where the Security Documents permit) Northern Ireland or Scotland which is being let or is at that time ready to be let on an Approved Tenancy as residential units of accommodation by a Registered Social Landlord;

“Rights” means all rights vested in the Security Trustee by virtue of, or pursuant to, its holding the interests conferred on it by the Security Documents or under the Ancillary Documents and all rights to make demands, bring proceedings or take any other action in respect thereof;

“Right to Buy” means the right of a tenant of any Charged Property to buy such Charged Property from a Guarantor under Section 16 of the Housing Act, Part V of the Housing Act 1985 (or any similar right or scheme replacing or supplementing that right) or where a grant is provided to that Guarantor in respect of such a sale under Section 21 of the Housing Act or any other statute or regulation conferring similar rights to tenants of Registered Social Landlords or housing associations with which the Guarantor is obliged to comply or under any contract conferring such a right;

“Roddons” means Roddons Housing Association Limited, an Industrial and Provident Society with registered number 30161R and its registered address at Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE;

“RPI” and **“Retail Price Index”** means the United Kingdom General Index of Retail Prices (January 1987 = 100) published by the Office for National Statistics (or any other Government department or other body upon which the duties in connection with such index have devolved) or such other substituted index as reasonably determined by the Issuer;

“SAB Beneficiary” means:

- (a) each Finance Beneficiary which has been allocated Charged Properties on a Specific Allocation Basis; and
- (b) each NAB Beneficiary which has been specifically allocated Charged Properties after a default in accordance with the NAB Administration Agreement,

and **“SAB Beneficiaries”** means all of them;

“**SAB Charged Properties**” means, at any time, the Charged Properties that have been allocated to the Issuer on a Specific Allocation Basis;

“**SAB Loan-to-Value Test**” means, where the Specific Allocation Basis has been specified as the method of apportionment of the Charged Properties in relation to the Loan Facility, the aggregate of:

- (a) the Minimum Value of the SAB Charged Properties; and
- (b) the aggregate amount of any cash in the Charged Accounts,

is not less than the Loan **provided that** the Guarantor may cure any breach of the above covenant:

- (i) within 20 Business Days of becoming aware of such breach, by prepaying a part of the Loan together with all accrued interest on that amount to the date of repayment and any amounts due in respect of that repayment under the default interest provisions of the Loan Facility Agreement Standard Terms; and/or
- (ii) within 20 Business Days of becoming aware of such breach, procuring that a payment is made into a Charged Account; and/or
- (iii) within 40 Business Days of becoming aware of such breach, by allocating Charged Properties acceptable to the Issuer (which shall not consent to such allocation without the approval of the Note Trustee) to the Issuer,

so that, following such action, the SAB Loan-to-Value Test is satisfied;

“**Secured Amounts**” means, in relation to the Group Borrower, the aggregate of:

- (a) all present and future sums, liabilities and obligations whatsoever (actual and contingent) of the Group Borrower to a Finance Beneficiary under the Loan Facility Agreement;
- (b) all indemnification and reimbursement obligations of the Group Borrower under any of the Relevant Documents to which it is a party; and
- (c) all other amounts payable by the Group Borrower to any Security Beneficiary, any nominee, delegate or agent thereof or any receiver under or in connection with any of the Relevant Documents;

“**Secured Obligations**” means all obligations at any time due, owing or incurred by any Obligor to the Issuer or any Loan Facility Provider (as defined in the Security Trust Deed) under the Finance Documents, whether present or future, actual or contingent (and whether incurred solely or jointly and whether as principal or surety or in some other capacity);

“**Security**” means the security granted in favour of the Security Trustee by an Obligor over the relevant Security Assets under the Security Documents;

“**Security Assets**” means all assets, rights and property of the Obligors the subject of the Security and the Rights other than:

- (a) any such assets which are subject to a floating charge only; and
- (b) any such assets notified to the Issuer and acknowledged by the Issuer as not forming part of the Security Assets for the purposes of the Security Documents;

“**Security Beneficiaries**” means the persons defined as “Security Beneficiaries” in the Security Trust Deed and “**Security Beneficiary**” means each of them;

“**Security Documents**” means:

- (a) each document evidencing a Fixed Charge;
- (b) each document evidencing a Floating Charge;
- (c) the Security Trust Deed;
- (d) any NAB Administration Agreement;
- (e) each duly executed Accession Memorandum;
- (f) each Notice of New Finance Beneficiary; and
- (g) any other document designated as such by the Security Trustee and an Obligor,

and “**Security Document**” means each of them;

“**Security Register**” means, pursuant to the Security Trust Deed, a register of all security interests created or released in respect of each Borrower’s assets which are subject to the Security;

“**Series Security Percentage**” means the number of Units allocated to the Issuer in relation to the Loan Facility Agreement under the Numerical Apportionment Basis from time to time divided by the total number of Units comprising the Charged Properties which are held by the Security Trustee on the Numerical Apportionment Basis from time to time;

“**Shared Ownership Property**” means any property of a Guarantor which is occupied on shared ownership terms or in respect of which the Guarantor grants a lease on shared ownership terms so that such Guarantor holds or may hold less than 100 per cent. of the beneficial interest in that property and the purchaser of the balance of that beneficial interest has the right to acquire a further portion of such Guarantor’s retained beneficial interest;

“**Shared Ownership Sale**” means the disposal of all or any part of any Shared Ownership Property by a Guarantor (or the retained interest of a Guarantor in any Shared Ownership Property);

“**SORP**” means the Statement of Recommended Practice: Accounting by Registered Housing Associations published March 1999 (and updated in 2002) by the National Housing Federation or, if appropriate, any document issued in replacement thereof which the parties agree should be used for the purposes of the Loan Facility Agreement;

“**South Anglia**” means South Anglia Housing Limited, an Industrial and Provident Society with registered number 28100R and with its registered address at Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE;

“**Specific Allocation Basis**” means the Apportioned Part comprises the specific Charged Properties designated to such SAB Beneficiary, as agreed between such SAB Beneficiary and the relevant Obligor(s) and notified to the Security Trustee;

“**Spens Prepayment Amount**” means the higher of the following:

- (a) the amount to be prepaid to the Issuer by the Group Borrower (which, for the avoidance of doubt, shall be an amount equal or greater than the Minimum Prepayment Amount) (the “**Prepayment Amount**”); and
- (b) the price, determined by the Market Maker, and expressed as a percentage (rounded to three decimal places, 0.0005 being rounded upwards), at which the Loan Gross Redemption Yield on a portion of the Advance equal to the Prepayment Amount, if it were to be purchased at such price on the second Business Day prior to date on which prepayment will be made (the “**Determination Date**”), would be equal to the Loan Gross Redemption Yield on the Determination Date of the Benchmark Gilt, on the basis of the middle market price of the Benchmark Gilt prevailing at 11.00 a.m. on the Determination Date;

“**Subscription Agreement**” means, in relation to a Series, an agreement between the Issuer and the relevant Dealers in respect of such Series in the form or based on the form set out in Schedule 3 (*Pro Forma Subscription Agreement*) to the Dealer Agreement;

“**Subsidiary**” has the meaning given to that term in Section 60 of the Housing Act;

“**Supplemental Fixed Charge**” means each first priority supplemental fixed charge executed or to be executed by a Guarantor in favour of the Security Trustee over a Charged Property as defined in the Security Trust Deed;

“**Tax Gross Up**” means a payment made by a party to compensate another party for a Tax Deduction;

“**Temporary Global Note**” means each temporary global note issued by the Issuer in relation to a Series of Notes;

“**Total Advance Amount**”, in relation to a Series, has the meaning given to it in the Loan Transaction Terms in respect of such Series;

“**UK**” or “**United Kingdom**” means the United Kingdom of Great Britain and Northern Ireland;

“**Unallocated Charged Properties**” means, at any time, the aggregate number of Charged Properties that have not been allocated to the SAB Beneficiaries on a Specific Allocation Basis or the NAB Beneficiaries on a Numerical Apportionment Basis;

“Underlying Security” means, in relation to a relevant Series, the security granted in favour of the Security Trustee by the Borrowers under each Fixed Charge and each Floating Charge to secure the Guarantors’ obligations under the Deed of Guarantee which in turns secures the Group Borrower’s obligations under the relevant Loan Facility and any additional Underlying Security as specified in the relevant Supplement;

“Unit” means at any time a Charged Property or part thereof comprising a unit of residential accommodation in relation to which there is or, when let, there would be a separate rental contract entered into with an Obligor and **“Units”** means all such Charged Properties or part thereof;

“Valuation” means, in relation to the Charged Properties, a valuation of those completed properties addressed to the Security Trustee and the relevant Beneficiaries provided by a Valuer containing such information as is relevant to the portfolio of the Charged Properties and, where applicable under the Loan Transaction Terms, showing the value of the properties on the relevant Valuation Basis;

“Valuation Basis” means either Valuation Basis I or Valuation Basis II as selected by the relevant Guarantor subject to the Valuer determining that such selection by the relevant Guarantor is not inappropriate given the type of Charged Properties being valued;

“Valuation Basis I” means the method of valuation of the Charged Properties (or, in the case of a shared ownership scheme, of the relevant Guarantor’s beneficial interest therein) calculated on the basis of current market value, subject to tenancies (MV-ST) in accordance with PS 3.2 of the Valuation Standards of the Royal Institute of Chartered Surveyors (as amended from time to time) as at the Series Closing Date (or such other suitable alternative basis as the Issuer and the Guarantor may agree in writing);

“Valuation Basis II” means the method of valuation of the Charged Properties (or, in the case of a shared ownership scheme, of the relevant Guarantor’s beneficial interest therein) calculated on the basis of the existing use value social housing (EUV-SH), with the assumption that voids will be re-let as they become vacant, in accordance with UKPS 1.13 of the Valuation Standards of the Royal Institute of Chartered Surveyors (as amended from time to time) as at the Series Closing Date (or such other suitable alternative basis as the Issuer and the Guarantor may agree in writing);

“Valuation Date” means each date on which a Valuation or a Desk-top Valuation is to be delivered pursuant to Clauses 14.10.1 or 14.10.2 (*Valuations*) of the Loan Facility Agreement Standard Terms;

“Value” means, at any time, the value of a Charged Property as determined by the Valuer in accordance with the selected Valuation Basis, as the case may be, provided that if any Charged Property or part thereof is sold pursuant to a Right to Buy or Shared Ownership Sale, the value of the relevant Charged Property shall, for the purposes of this definition and with effect from the date of the relevant sale, be zero (if the entire relevant Charged Property has been sold) or (if only part of the relevant Charged Property has been sold) shall be the proportion of the value of the Charged Property as set out in the most recent valuation delivered pursuant hereto which is equal to the proportion of the relevant Charged Property which has not been sold pursuant to the relevant Right to Buy or Shared Ownership Sale;

“Valuer” means any independent professional valuer as may be approved from time to time by the Issuer, acting reasonably; and

“Wherry” means Wherry Housing Association Limited, an Industrial and Provident Society with registered number 26622R and its registered address at Circle Anglia House, 1-3 Highbury Station Road, London N1 1SE.

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APPENDIX 1

REPORT OF THE MANAGEMENT BOARD AND CONSOLIDATED FINANCIAL STATEMENTS OF THE CIRCLE ANGLIA GROUP

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Contents

Board members and Group executive officers	Page
Operating and financial review	3
Board of Management's Report on the system of internal control	4 - 20
Statement of Board of Management's responsibilities	21 - 23
Report of the independent auditors	24
Group and Association income and expenditure accounts	25 - 26
Group and Association balance sheets	27 - 28
Consolidated cashflow statement	29 - 30
Notes to the financial statements	31
	32 - 71

Board Members and
Group Executive Officers

Membership is organised as follows:

Management Board

- Roger Humber (Chair) Independent member
- Robert Burgin Independent member
- Alan Catterick Group Partner member
- Jane Clarkson Independent member
- Murray Foster Group Partner member
- Baroness Maggie Jones Group Partner member
- Nicola Lucking Group Partner member
- Mark Rogers Group Chief Executive
- Martin Shaw OBE Independent member
- Michael Webber Group Partner member

Strategy Board

- Roger Humber (Chair)
- Robert Burgin
- Alan Catterick Mole Valley HA (Chair)
- Jane Clarkson
- Murray Foster South Anglia Housing (Chair)
- Baroness Maggie Jones Circle 33 HT (Chair)
- Nicola Lucking Wherry HA (Chair)
- Mark Rogers Group Chief Executive
- Martin Shaw OBE
- Andrew Hill Russet Homes (Chair)
- Michael Webber Invicta Telecare (member)
- Sheila Farmer Invicta Telecare (Chair)
- Jane Gurney-Read CSCA (Chair)
- Jitinder Kohli EPIC Trust (Chair)
- Ayo Odukoya
- Brenda Reynolds Roddons HA (Chair)
- Alan Riddell Old Ford HA (Chair)

Committees and Forum Membership

- Jane Clarkson Group Audit Remuneration & Succession
- Baroness Maggie Jones Remuneration & Succession
- Martin Shaw OBE Remuneration & Succession (Chair)
- Jane Gurney-Read Remuneration & Succession
- Sheila Farmer Group Policy Forum
- Ayo Odukoya Group Audit
- Nick Stevens Group Audit (Chair)
- Marianne Wyles FCIS, Group Company Secretary

Operating and financial review

Principal Activities

Circle Anglia Limited

Circle Anglia Limited is a Registered Social Landlord. Its principal activities are the provision of central services to its operating subsidiaries, development of social housing and asset management. The principal operating subsidiaries of the Circle Anglia group (the "group") are:

Registered Social Landlords and charitable Industrial and Provident Societies providing social housing including low-cost home ownership:

- Circle 33 Housing Trust Limited
- Old Ford Housing Association Limited
- South Anglia Housing Limited
- Wherry Housing Association Limited
- Mole Valley Housing Association Limited
- Roddons Housing Association Limited; and
- Russet Homes Limited (a non charitable Industrial and Provident Society)

It also has a number of other subsidiaries providing services both externally and to the group:

- Circle Anglia Treasury Limited – a company limited by shares, which operates as the groups' principal borrowing vehicle
- Epic Trust Limited – a registered charity and company limited by guarantee providing care and support
- Anglia Maintenance Services Limited – a company limited by shares, which supplies repair and property maintenance services
- Commercial Services Circle Anglia Limited – a company limited by shares providing leasehold and sales and marketing services
- Invicta Lifeline Limited – a company limited by shares providing telecare and support and care services
- Old Ford Homes Limited and Your Lifespace Limited, both company's limited by shares own and develop properties for sale, principally through joint venture arrangements; and

- Circle Anglia Foundation Limited – a registered charity and company limited by guarantee, which secures charitable donations and grants to provide funding towards community and tenant based development projects.

About our housing stock

Circle Anglia provides a wide range of affordable housing choices – including general needs, supported and sheltered – together with care and support packages that enable more vulnerable residents to maintain their tenancies. We have developed a commercial approach to development to help fund an increased affordable housing programme, with income from a combination of grants, use of our resources, and profits from property disposals. This includes developing properties for private sale, shared ownership and market rent, providing leasehold management services and including commercial premises as part of some mixed-tenure schemes.

We provide homes in over 80 local authority areas, with some strong regional concentrations of stock. Circle 33 and Old Ford provide homes in North and East London, with the key local authorities being Islington, Waltham Forest, Haringey, Tower Hamlets, Hackney, Camden, and Barking and Dagenham. South Anglia is the regional RSL for Hertfordshire, Bedfordshire and Essex, formed originally from the stock transfer from East Hertfordshire Council with other key stock concentrations in Luton, Basildon, Braintree and Harlow. Wherry, formed originally from the transfer of stock from Broadland District Council is the regional partner in East Anglia, managing homes in Norfolk, Suffolk, Cambridgeshire and more recently Lincolnshire and Northamptonshire. Partners who joined the group during 2007 are Mole Valley Housing Association, a new stock transfer organisation in Surrey, Roddons Housing Association, a new stock transfer organisation in Fenland, and Russet Homes,

an existing RSL that was formed originally from the stock transfer from Tonbridge and Malling Council in Kent and which is the regional partner for Kent and East Sussex.

The number of units owned and managed by the group has increased as new developments are constantly being handed over. In addition, during the year properties managed increased as a result of Mole Valley, Roddons Housing and Russet Homes becoming members of the group.

Circle Anglia's management stock profile at 31 March 2008 is disclosed below:

	2008	2007	2006
Social housing rented	39,558	25,117	24,565
Shared ownership	2,220	1,633	1,298
Keyworker	422	-	236
Leasehold	2,172	791	540
Temporary	4	-	31
Non-social rented	454	287	125
Other non-social	206	111	115
Total stock owned	46,045	27,939	26,910
Accommodation managed on behalf of others	945	1,021	7779
Less stock owned but not managed	(1,435)	(1,135)	(1,057)
Total stock managed	45,555	27,825	33,632

The reduction in 2006/7 resulted from the expiry of a management contract with Lewisham Council.

Operating and financial review

Slogan, mission, core purpose and values

Our slogan is So Much More.

Our mission is to deliver:

- Great homes
- Reliable services
- Local solutions

Our core purpose is to improve people's Life Chances. The group business plan demonstrates Circle Anglia's passion for improving our residents' Life Chances through the development of a more focused set of local area management strategies and by enhancing financial strength through improving the value of our assets.

We will demonstrate our partnership approach as we move from getting the basics right, to taking a wider community role.

We will link Growth and Development decisions to a long term view of asset values and the impact of stock concentration on our ability to influence local policies. We will achieve this by following a set of behaviours for the Executive Team, Leadership Group, managers and staff. These drive the culture of the organisation and support delivery of our business objectives, and are based on the values of:

- People... are the heart of everything that we do
- Partnership... our way of working together
- Brand... a sense of belonging
- Belief... in our organisation, ourselves and our ability to grow.

Circle Anglia Five Year Plan Summary 2008-13

The themes of the plan were set out at the formation of Circle Anglia. In our ongoing dialogue with our customers, they have told us that their priority is getting the basics right, so our themes have been redefined under four key areas.

So much more customer satisfaction

Circle Anglia aims to deliver reliable and effective services that meet the needs and aspirations of our customers. By doing this we aim to achieve high levels of customer satisfaction across the group.

So much more financial strength

Circle Anglia must optimise its financial capacity and operate efficiently and add to the long term value of the group. This will allow continued high levels of investment in existing properties and services and the development of new ones.

So much more growth

The successful growth to date of Circle Anglia has meant we can now set more ambitious goals. We now aim to have 75,000 to 100,000 homes by 2013.

So much more performance

To deliver our ambitious growth and improvement objectives we must be an organisation with effective structures, leadership and culture.

Delivering the plan

The group plan summarises the key objectives for Circle Anglia and the risks involved and the table of objectives records, where applicable, how each one ties in with the Audit Commission Key Lines of Enquiry (KLO Es), which set a framework for excellence in services to residents. Detailed delivery of the objectives together with risk management plans is set out in group partner and directorate plans. Together these form a suite of plans that show how Circle Anglia's aims will be achieved and how the key vulnerabilities around capacity, performance, complexity and the changing external environment will be overcome.

Financial plans for the group and each group partner are also in place. These are supplemented further by the delivery detail in:

- Group partner Service Improvement Plans
- Development Strategy
- Customer First Strategy
- Equality and Diversity Strategy
- Value for Money Strategy
- Procurement Strategy
- Neighbourhood Strategy; and
- Sustainable Communities Strategy.

Objectives are cascaded from group, partner and directorate plans to team plans and then to individual objectives, which are set at the annual appraisal process. These are regularly reviewed through one to one meetings.

KPI and financial performance is reviewed monthly by the Group Performance Team.

Progress against the group plan is formally reviewed on a quarterly basis by the Group Executive Team and reported to the Group Board by the Chief Executive.

Operating review

During the year four new partners joined the group. Mole Valley Housing Association, a new stock transfer organisation in Surrey, Roddons Housing Association, a new stock transfer in Fenland, and Russet Homes, an existing RSL that was formed originally from the stock transfer from Tonbridge and Malling Council in Kent. Invicta Telecare Limited, formerly a subsidiary of Russet Homes, a telecare and support and care provider in Kent and the South East of England was transferred from Russet to Circle Anglia when Russet Homes joined the group in November 2007. The group also accepted the transfer into Old Ford Housing Association of the Parkside estate in East London and the Mardyke estate in Havering.

Housing Corporation regulation

In December 2007 the Housing Corporation carried out an assessment of Circle Anglia. It again awarded the Group the maximum score of four green traffic lights for our performance in the key areas of viability, governance, management and development.

Performance measures

The Board and Executive Team use a number of key performance measures to monitor achievement of the group's objectives, which cover areas of financial management, housing management, development and sale, and asset management.

Financial management measures include comparisons of surpluses as a percentage of turnover across the various business teams and monthly management accounts, which compare actual results to budgets and revised forecasts. Interest cover and gearing are also monitored by the treasury team for compliance with covenants and to assess the group's cashflow.

Housing management measures focus on arrears and voids management and, in particular, resident satisfaction and day to day repairs, including the percentage of repairs completed first time, response times for each category of repair and completion times against target.

Development and sale performance are measured against targets for the number of units in development and completed. As the group is dependent on sale of properties, whether through low cost home ownership or outright sales, the number of units sold is monitored against budget on a monthly basis. Asset management focuses on measures set to monitor the performance of planned repairs, including the costs of carrying out repairs and completion times against target.

The standards of our homes are also monitored annually to ensure that the group is in line with the Decent Home Standard targets.

The Board receives regular reports which indicates the group's performance against targets and simply and effectively highlights the current performance and the trend, giving each area a "green", "amber" or "red" assessment. Those areas assessed as "red" are monitored closely and are subject to a detailed review by the Board each quarter.

Operating and financial review

Performance measures

The following tables show the operating performance of the seven (2007 four) partner RSLs that now make up the direct housing management operations of Circle Anglia.

Circle 33 Housing Trust

	2007/8	2006/7	2005/6	2004/5
Rent collected as % of rent due	99.7%	99.5%	99.8%	100.1%
Current residents arrears as % of rent roll	4.5%	4.8%	5.0%	6.0%
Average weekly gross rent	£85.31	£83.24	£79.07	£75.34
Average re-let turnaround times	37.6	43.4	25	27
Dwellings vacant and available for let	0.75%	0.6%	0.9%	0.5%
Dwelling vacant but unavailable for rent	1.66%	2.6%	2.4%	2.8%
Emergency repairs completed in target	88.3%	86.8%	86.4%	87.3%
Urgent repairs completed in target	83.9%	82.1%	81.9%	88.2%
Routine repairs completed in target	92.1%	87.9%	86.4%	81.6%
Average SAP rating	70	73	73	73
Homes failing Decent Homes Standard	6%	6.5%	26.3%	26.5%
Residents satisfied with overall service	69.9%	61.0%	61.0%	60.1%

Circle 33 continued the excellent performance of the previous year and continues to build upon the previous years' improvements in performance. The Trust continued to invest in its neighbourhood management teams and in delivering reactive repairs in partnership with Osbourne. Performance on void and lettings turn round times remain a key focus for the operations as does the continued investment in our homes to ensure that all meet the Decent Homes Standard.

Rent collection and rent arrears maintained the levels of the previous year with a slight improvement in current arrears which fell to 4.5% continuing the clear downward trend apparent over the last three years.

A slight increase in voids available at the year-end was offset by a reduction in long term voids. Turnaround times improved over the year.

Repairs performance was within tolerances and demonstrate an improvement over the previous years performances and pleasingly the level of tenant satisfaction, confirmed by the 2008 Status survey, reflects a significant improvement in service quality.

Old Ford Housing Association

	2007/8	2006/7	2005/6	2004/5
Rent collected as % of rent due	96.7%	99.6%	101.4%	99.1%
Current residents arrears as % of rent roll	5.3%	2.5%	2.5%	4.3%
Average weekly gross rent	£79.73	£80.23	£75.07	£72.59
Average re-let turnaround times	40	22	24	68
Dwellings vacant and available for let	0.2%	0.1%	0.2%	0.1%
Dwelling vacant but unavailable for rent	1.9%	0.0%	2.1%	3.1%
Emergency repairs completed in target	93.2%	96.7%	97.9%	97.9%
Urgent repairs completed in target	94.6%	92.7%	92.9%	95.5%
Routine repairs completed in target	86.7%	93.7%	94.2%	95.8%
Average SAP rating	73	90	80	80
Homes failing Decent Homes Standard	28.9%	0.0%	11.6%	11.8%
Residents satisfied with overall service	60.0%	71.5%	71.5%	71.5%

Old Ford Housing Association took up the transfer during the year from Tower Hamlets of the housing stock at the Parkside Estate and at the year end the Mardyke Estate increasing its stock in management by over 2000 homes.

These significant changes in the size of the operations of Old Ford had an impact on overall performance, which saw a slight dip in rent collection, an increase in arrears and slight dips in repairs performance. Decent Homes, previously 100% compliant, reflect the transfer of these estates during the year. Satisfaction has also dropped as a result of significant numbers of new residents awaiting either demolition of their homes, or a major refurbishment of their estate.

Operating and financial review

South Anglia Housing

	2007/8	2006/7	2005/6	2004/5
Rent collected as % of rent due	99.3%	99%	99.2%	81.5%
Current residents arrears as % of rent roll	6.4%	6.2%	5.7%	3.4%
Average weekly gross rent	£80.43	£77.05	£76.50	£69.70
Average re-let turnaround times	36.3	28	25	36
Dwellings vacant and available for let	3.3%	0.4%	1.6%	0.3%
Dwelling vacant but unavailable for rent	0.9%	0.6%	0.5%	0.4%
Emergency repairs completed in target	95.2%	97.1%	96.8%	94.9%
Urgent repairs completed in target	89.8%	80.4%	87.7%	96.2%
Routine repairs completed in target	97.2%	89.7%	94.4%	96.4%
Average SAP rating	68	71	60	58
Homes failing Decent Homes Standard	7.06%	15.2%	20.0%	30.5%
Residents satisfied with overall service	67%	75.8%	75.8%	75.8%

Rent arrears and rent collection ended the year with slightly improved performance over the previous years and within tolerance targets.

Letting turnaround times and voids at the year end reflected the significant development programme of new homes undertaken throughout the year by the Association. These indicators reflect a dip from previous years' performance and continued review and management of the allocations and lettings processes will continue to improve performance.

Repairs performance showed an improvement over the previous year. Further improvements in this area are expected following the management agreement which has been agreed between Mears and Anglia Maintenance Services who provide these reactive repairs services to both South Anglia and Wherry Housing Association. This is also expected to impact significantly on satisfaction with services, being the key driver for satisfaction.

Wherry Housing Association

	2007/8	2006/7	2005/6	2004/5
Rent collected as % of rent due	100.8%	99.2%	99.9%	99.5%
Current residents arrears as % of rent roll	4.2%	5.8%	4.9%	5.3%
Average weekly gross rent	£68.50	£68.16	£64.54	£62.09
Average re-let turnaround times	23.76	26.1	20	32
Dwellings vacant and available for let	1.6%	0.5%	0.7%	0.3%
Dwelling vacant but unavailable for rent	0.3%	0.5%	0.7%	0.9%
Emergency repairs completed in target	88.4%	97.1%	96.3%	86.1%
Urgent repairs completed in target	89.1%	80.4%	91.1%	86.6%
Routine repairs completed in target	94.2%	89.7%	96.7%	93.8%
Average SAP rating	67	71	52	52
Homes failing Decent Homes Standard	15.69%	15.2%	21.9%	14.2%
Residents satisfied with overall service	76.0%	75.8%	83.0%	83.0%

Rent collection and arrears showed an improvement over the previous years, reflecting the continued improvements delivered over the year through the work completed by the action team set up last year.

Void levels slightly increased although a reduction was achieved in re-let turnaround times.

Whilst emergency repairs performance was poor, significant improvement in performance on urgent and routine repairs was achieved through Anglia Maintenance Services. Performance on reactive repairs is expected to improve as a result of the partnership between Mears and Anglia Maintenance Services, and this is expected to halt the small decline in satisfaction.

Operating and financial review

Roddons Housing Association

	2007/8
Rent collected as % of rent due	96.4%
Current residents arrears as % of rent roll	3.6%
Average weekly gross rent	£66.18
Average re-let turnaround times	32
Dwellings vacant and available for let	1.2%
Dwelling vacant but unavailable for rent	0.4%
Emergency repairs completed in target	98.0%
Urgent repairs completed in target	97.0%
Routine repairs completed in target	93.0%
Average SAP rating	70
Homes failing Decent Homes Standard	9.2%
Residents satisfied with overall service	82%

Roddons Housing Association received the transfer of some 3,700 homes from Fenland District Council in November 2007.

The Association is focusing on delivering the promises made to residents as part of the transfer and will focus on improving rent collection and arrears. The Association moved onto the group's Housing Management systems after the year end which will assist in delivering these improvements.

Repairs performance was strong and met the targets during the period.

Mole Valley Housing Association

	2007/8
Rent collected as % of rent due	103.7%
Current residents arrears as % of rent roll	4.5%
Average weekly gross rent	£72.41
Average re-let turnaround times	75.8
Dwellings vacant and available for let	1.1%
Dwelling vacant but unavailable for rent	0.2%
Emergency repairs completed in target	N/A
Urgent repairs completed in target	77.0%
Routine repairs completed in target	79.0%
Average SAP rating	55
Homes failing Decent Homes Standard	35.7%
Residents satisfied with overall service	78%

Mole Valley Housing received the transfer of some 3,500 homes from Mole Valley District Council at the end of October 2007.

Arrears and rent collection performances were improved over the period. Void levels remained relatively consistent throughout the period but were impacted by the low level of turnaround time achieved on lettings in the period.

Repairs performance was outside tolerance and the Association continues to focus on measures to improve performance in this area during 2008/9.

Operating and financial review

Russet Homes

	2007/08
Rent collected as % of rent due	98.2%
Current residents arrears as % of rent roll	1.8%
Average weekly gross rent	£81.64
Average re-let turnaround times	31
Dwellings vacant and available for let	1.3%
Dwelling vacant but unavailable for rent	0.3%
Emergency repairs completed in target	81.2%
Urgent repairs completed in target	93.7%
Routine repairs completed in target	100.0%
Average SAP rating	63
Homes failing Decent Homes Standard	0.7%
Residents satisfied with overall service	90%

Russet Homes joined the group in October 2007, with some 6,400 homes under management.

Rent collection and arrears performance remains within target and whilst void numbers increased slightly re-let times were maintained. The Association will in 2008/9 move to a choice-based letting process.

Repairs performance was outside target. New delivery arrangements in partnership with Osbourne came into force in 2008/9 and over the latter months of the year performance from existing contractors came under pressure.

The Association demonstrated a significant increase and high level of resident satisfaction, under the recently completed Status survey.

Investment in housing stock

The group has identified and costed the work required to ensure that all tenanted properties meet the Government's Decent Homes Standard by 2010/11. All parts of the group now have access to procurement groups such as Buy4London and Procurement for Housing. This significantly reduces the procurement cost of the planned reinvestment programmes.

We have implemented a supply chain management system with key suppliers in order to reduce the cost of procurement and the actual installation time, thus reducing inconvenience to residents.

Circle Anglia has achieved a significant increase in the number of properties meeting Decent Homes Standards. The future programme will improve the remaining properties with the aim of ensuring that all Circle Anglia's units meet Decent Homes Standards by 2010/11, and later dates for the new stock transfers as agreed as part of those transfers. Circle Anglia has brought forward the timing of surveys to ensure up to date information is held on all the group's properties. This helps the effective planning of works and ensures that sufficient provision has been made in the financial plans to deliver the improvements.

Organic Growth – building new homes

Circle Anglia is a preferred development partner of the Housing Corporation. The group out-performed its 2007/8 targets creating 1907 new homes in the year, including 135 for other housing associations. There were 3,304 properties in development at the year end.

Every RSL that is allocated grant from the Housing Corporation agrees a programme for spending this money through the course of the financial year. The Housing Corporation then monitors each RSL's performance in two key areas, being cash spend and completions. This year we have had excellent results across the group. Our development teams in London and the Eastern regions have exceeded the

Housing Corporation targets with regard to cash spend and completions.

Circle Anglia agrees minimum development targets with the partner RSLs. These targets are reviewed as part of the financial planning process to ensure that funding is available and the risks understood and managed.

The development of new properties for social use is supported by grants and the sale of properties developed for outright sale and low cost shared ownership. The difficulties in the housing and mortgage markets and the potential impact on the development programme has been considered as part of the normal financial planning process. This includes stress testing the financial plans to ensure that they can cope with significantly lower volumes of sales as well as house price falls. This results in adjustments to the development programme such as changing the timing of developments and the mix of tenures.

Inorganic Growth – mergers, acquisitions, stock transfers, and other growth initiatives

The Group Board set a target of 20,000 additional homes through inorganic growth by 2011. In 2007/8 nearly 16,000 homes have been brought into the group through the stock transfers noted above. Business Growth Strategy will again focus on strategic partnerships with other RSLs, stock transfers and regeneration opportunities.

Corporate Social Responsibility

Our approach to corporate social responsibility plays an important part in the way the group conducts its business. We aim to conduct ourselves in a professional, fair, ethical, legal and sustainable manner in our relationships with fellow employees, customers, suppliers, business partners, the community and other stakeholders in the housing sector. We encourage our suppliers to implement a similar approach.

Operating and financial review

Our Charitable foundation, Circle Anglia Foundation Limited, reflects our commitment to making an impact in communities in which we operate at grass roots level. In developing and maintaining our homes we use eco-friendly practices where possible, such as modern methods of construction and replacing single glazed windows with more energy efficient units. We carry out extensive community consultation programmes in the local neighbourhoods where our homes are being built.

Main influences and risks

The key influences on the group's operating and financial performance are as follows:

- the group's expansion plans, which include the incorporation of new partners, together with further stock transfers and regeneration opportunities
 - the requirement to provide value for money, including general needs rents which comply with the Housing Corporation's rent restructuring agenda, demonstrating continuous improvement in output per unit cost across the group and securing the promised merger savings.
 - meeting customer service aspirations, which includes measuring and improving performance against Audit Commission Key Lines of Enquiry, involving our residents and meeting the defined Decent Homes Standards by 2010/11; and
 - the impact of the credit crunch and housing market difficulties on the availability and terms of funding for RSLs and for those seeking mortgages and the potential impact on the financial plans of Circle Anglia.
- The group reviews its risks on a regular basis and has in place a risk management strategy which provides a guide for Board members and managers on the group's approach to risk management and a Group Risk Map is maintained. Through the process of regular review, those risks which present the greatest threats to the group are identified and reported to the Group Audit Committee.

Risk management supports the achievement of business objectives by:

- enhancing the quality of decision-making, planning and prioritisation
- contributing to effective allocation of resources; and
- protecting and enhancing the group's assets and its image.

The principal risks revolve around the need to ensure continued support from the Housing Corporation and to secure funding to underpin our growth plans, without which our targets would not be met. Other risks that are most likely to influence future performance are:

- economic factors that could influence the viability of the group e.g higher interest and borrowing costs, RPI increases, falling sales values
- our ability to understand exactly where we are in our performance against customer expectations as well as regulations. Without this our ability to meet customers' standards will be compromised. The group needs to improve resident satisfaction and offer integrated customer service processes with consistent service standards
- a large part of the group's development programme is in relation to low-cost shared ownership homes. A downturn in the market may impact on the demand for these properties and on the price that can be achieved. Expertise and accurate research is required to ensure that schemes developed are viable and meet the needs of the community within which they are located
- we also recognise and monitor the need to ensure that our development and growth opportunities meet our internal Net Present Value requirements through robust sensitivity testing and sales forecasting, as these impacts on cash flow targets and thus on lender and funding covenants; and
- the group also needs to ensure it has control over costs and income and to secure and embed a culture across the group of Value For Money.

Group Financial Highlights: Three Year Summary (£M)

Group income and expenditure

	2008 £m	2007 £m	2006 £m
Turnover	170.1	130.7	127.5
Operating Costs	134.2	102.5	103.4
Operating Surplus	35.9	28.2	24.1
Surplus on sales of assets	29.6	38.5	15.4
Negative goodwill amortisation	.9	–	–
Net interest charge	(52.2)	33.5	30.0
Taxation	8	(2)	–
Surplus for the year	15.0	31.6	9.7

Group balance sheet

	2008 £m	2007 £m	2006 £m
Housing properties at cost less depreciation	1,717.0	1,117.1	990.0
Other tangible fixed assets	20.9	10.3	10.0
Investments	6.1	3.0	0
Share of joint venture assets	0.2	0.7	0
Net current assets (liabilities)	(566.2)	(5.0)	(0.5)
Debtors – due after one year	163.5	0	0
Creditors – due after one year	(771.5)	(762.4)	(633.0)
Other long term liabilities	(5.0)	(5.5)	(7.4)
Negative goodwill	(226.9)	0	0
Reserves	(338.7)	(358.1)	(358.9)

Financial performance for 2007/08 has been strong, with turnover rising 30% and the operating surplus increasing by 26.9%. The increase in turnover reflects the new partners, Russet, Invicta, MVHA and Roddons joining the group during the year and the transfer of the Parkside and Mardyke estates into Old Ford. It is encouraging that the operating margin has been maintained at 21% over a year in which the group has faced much change, and much of this operating margin continues to be derived from the post-merger savings of Circle 33 and the Circle Anglia group, with a significant drive to deliver procurement savings and value for money improvements.

Social housing turnover has grown by 33% to £146.7 million in the year, significantly outstripping the small growth last year of 7%. This reflects an increase of £16 million (15%) before the increases from new group members of £23 million reflected in the year (1% over last year's growth). The operating surplus from social housing activities before depreciation and impairment increasing by 0.6% despite continued increased pressure on the maintenance budgets. This growth also reflects the significant development programmes completed during the year of £180 million for general housing and shared ownership schemes, most of which were started in the last year and completed this year.

Operating and financial review

Supporting People activity has continued to grow by 15% within its funding, producing a small surplus for 2007/8 of £0.98m. The growth and small surplus remain a particularly good performance considering the increased pressure to deliver savings to contracting authorities.

Like many other social housing providers, Circle Anglia develops properties for outright sale and shared ownership. The profits on this activity are used to cross-subsidise our social housing development programme. As expected, the surplus on development and fixed asset sales has increased significantly in the year and delivered a surplus of £28.6m of which £9.5m derived from development sales.

Interest costs in the year reflected the additional group borrowing profile arising from the development programmes. The interest costs of new partners, arising in the period and overall, increased from a net cost of £33.5m to £52.2m but included some £5.1m of breakage costs stemming from the loan re-structuring which took place. Costs of borrowing, as noted, were maintained under close control throughout the year, with the refinancing of the group borrowing facilities delivering significant long term savings and providing greater flexibility for the group to manage risk and opportunities.

The group income and expenditure account and balance sheet are set out on pages 27 and 28 and the following paragraphs highlight key features of the group's financial position at 31 March 2008.

Accounting policies

The group's principal accounting policies are set out on pages 21 to 24 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include: Accounting for major capital project repairs and

maintenance costs, capitalisation of interest and development administration costs; deduction of capital grant from the cost of assets; housing property depreciation; and treatment of shared ownership properties first tranche sales, which are being credited to the costs of these assets.

Each of these policies has remained unchanged during the period under review.

Housing properties

At 31 March 2008 the group owned or managed 45,555 housing properties (2007: 27,825). The valuation shown in the balance sheet of properties owned by us (after depreciation and capital grant) was £1,522.9 million (2007: £982.8 million).

The Board appointed professional valuers to value the group's housing properties as at 31 March 2008. Our investment in housing properties this year was funded through a mixture of social housing grant, loan finance and working capital. The group treasury policies are considered below.

The total development, acquisition and capital improvement activity during the year spent £260.6m to meet growth and quality home improvement targets; these major investments continue to strengthen the financial performance of the group.

Pension costs

The group participates in several defined benefit pension schemes, which provide benefits based on final pensionable pay. The assets of the schemes are held separately from those of the group, being invested in independently managed funds. As with many other schemes of this type, there is a funding deficit, which may require additional contributions in future years in order to meet its liabilities. In accordance with FRS17, the pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full.

The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Only existing members of such schemes retain the right to remain within these schemes on transfer within the group. New employees of the group are offered pension arrangements under stakeholder pension scheme arrangements which provides for pension provision under defined contribution arrangements. The assets of such schemes are also separate from those of the group, being invested by independent fund managers. Contributions by the group are charged to the profit and loss account for the year in which they are payable to the schemes.

Group funding structure and financing

In 2007 Circle Anglia restructured and refinanced the majority of loans within the group. A funding group was established which consists of a treasury vehicle (Circle Anglia Treasury Ltd) and guarantors (Circle 33 Housing Trust, Old Ford Housing Association, Wherry Housing Association, South Anglia Housing Association, Mole Valley Housing Association and Roddons Housing Association).

The funding group has secured £1,500 million in loan facilities as at March 2008 with a further £445m in long term facilities to refinance £550 million short term loan facilities arranged to assist the refinancing exercise.

The treasury vehicle borrows funds and hedges exposures to support the member's consolidated requirement to investment in new and existing properties. Circle Anglia Treasury then pass all the funds through to the members of the funding group.

Russet Homes has retained its existing funding facility of £205m and is not currently part of the funding group.

This new flexible structure created a greater depth in the funding market for Circle Anglia and allows each of the group partners

participating to leverage off the strength of the group in order to maximise the delivery of social housing and support the service delivery and future growth ambitions of the group.

Treasury policy

The group and group partners have adopted a Group Treasury Policy which sets out the parameters and controls for treasury activities across the group. In compiling these policies, the group has used the CIPFA Code of Practice for Treasury Management in Public Services as well as Treasury Management Policy Statements and Good Practice Notes issued by the Housing Corporation.

Loan structure

The group ensures that its borrowings are structured and documented so that the maturity profiles of the loan facilities are managed, with a view to obtaining offer terms for renewing or refinancing, if required, which are competitive and as favourable to the group as can be reasonably achieved. The group's current loan portfolio has been structured to ensure that it will be able to meet all repayments of principal under the loans as required under the relevant loan documentation. Maturity dates of loan facilities are staged to ensure that large proportions of debt do not mature in the same year and therefore the group should not be subject to any significant degree of refinancing risk.

The following table shows the group's loan repayment profile:

	£million
Less than one year	550
1 – 5 years	2
Over 5 years	588
Total	1,140

Interest rate risk management

The group's current strategy is to mitigate risk of breaching covenants due to movement in interest and inflation rates whilst ensuring the maximum enterprise value for the organisation.

Operating and financial review

Circle Anglia uses a combination of embedded and freestanding instruments to hedge against adverse movements in interest rates and inflation. As at March 2008, 48% of the group's debt had been hedged.

Cash flows

The consolidated cash flows show that the group generated cash of £55.2m from operations (excluding property sales, gift aid and interest) and return on investments. The loan service costs of £60.4m (net) (which included £5.1m of loan breakage costs) and £378.8m of expenditure on new development schemes and capital works to existing stock, were funded by social housing grant of £45.9m, proceeds of property sales of £83.0m, reductions in cash holdings and net drawdown of loans.

Loan facilities

As at the 31 March 2008, the group had committed long term loan facilities of £1.7 billion, with undrawn committed loan facilities of £559 million. The undrawn facilities are fully secured and can be drawn within two working days notice. £280 million of the current loan facilities are on a revolving basis which allows the group to draw and repay variable loans when surplus cash becomes available. As noted above, additional long term loan facilities of £570 million were signed after the year end.

The group can draw funds from its lenders within two days notice and therefore has adopted an active cash flow management strategy. This means that the group aims to minimise cash balances by drawing funds as and when they are required, when there is a financial benefit in doing so.

Compliance with loan covenants

Under its loan arrangements an interest cover ratio and gearing ratio has been agreed. For the year to March 2008, the interest cover ratio and the gearing ratio were in compliance with loan covenants.

Russet Homes has separate loan covenants reset by the lenders each year and these have been complied with as at the end of the year. The financial plans are also tested to ensure that they can cope with major changes in circumstances without breaching covenants. This includes testing different scenarios of property sales prices and volumes and differing levels of inflation and interest rates. This helps ensure that Circle Anglia has the financial strength to cope with adverse circumstances but can also invest in good investment opportunities as they arise and deliver promises to group partners.

Diverse activities strategy

Circle Anglia invests in a range of diverse activities and uses the returns from these to increase the amount that can be invested in social housing and the communities the group operates in. These activities include the trading activities of Commercial Services Circle Anglia and the investment by Your Lifespace in limited liability partnerships to develop properties for sale as well as other commercial investments. Your Lifespace also invested in Landericus, a company created with two partners to invest in residential property in Germany.

Going concern

After making enquiries, the Board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the group's financial statements.

Statement of compliance

In presenting the Operating and Financial Review on pages 4 to 20 the Board has endeavoured to follow the principles regarding purpose, audience, timeframe, reliability, comparability and financial and non-financial measures as set out in the Statement of Recommended Practice for accounting by registered social landlords (Update 2005).

Board of Management's Report on the system of internal control

The Board acknowledge their ultimate responsibility for ensuring that the group has in place a system of controls that is appropriate to the various business environments in which it operates and for the review of the effectiveness of that system during the year. These controls are designed to identify and manage rather than eliminate risks, which may prevent the organisation from achieving its objectives. The system is designed to give reasonable rather than absolute assurance with respect to:

- (a) the reliability of information used within the organisation or for publication;
- (b) the maintenance of proper accounting and management records; and
- (c) the safeguarding of assets against unauthorised use or disposition.

The process to identify, evaluate and manage significant risks faced by the organisation is ongoing, has been in place during the past financial year and is reviewed regularly by the Board. The risk management and control processes are not a separate annual exercise, but a continuous function and embedded across the group by documenting and collating evidence to support good practice and compliance.

The Board has itself, and through the activities of the Group Audit Committee, reviewed the outcome of internal and external audit work, managers' risk and control self-assessments and the business assurance review which encompassed internal and external sources of assurance on key risks faced by the organisation. External sources include Housing Corporation and Audit Commission assessments and audits.

Key elements of the system of control include ensuring that:

- a) management reports on operational and financial matters and controls are routinely available to the board. The group has a well-established risk and control culture whereby operational and financial reports provide a major source of assurance when considering internal controls.
- b) risk management activities are used to highlight and mitigate undesirable events from occurring. By reviewing, assessing and managing the significant risks the board ensures that implemented internal controls can achieve the long term business objectives. Risks have been documented with agreed priority ratings and with definition of related current controls and Board monitoring mechanisms. The implementation of any improvements to controls identified by the risk mapping process is monitored by management and the Group Audit Committee. Clear lines of responsibility have been established throughout the group for coordinating risk management activities and reporting on key risks identified and considered by the Board.
- c) assignment of responsibility for oversight of audit activities.

Audit activities have clear terms of reference which are regularly reviewed and updated with business and regulatory requirements.

Board of Management's Report on the system of internal control

d) a control and risk self-assessment (CRSA) is undertaken by management. CRSA is a systematic approach designed to meet the needs of the association which requires risks and controls to be identified and measured. Staff and line managers review their own risks with assistance from the Risk Management department and by building their own control assessment. This is designed to promote accountability by all staff and not to rely upon functions such as risk management to monitor potential risks. The system is supportive and designed to instil a greater understanding of risk by all members of the team.

e) internal auditors are used to ensure a robust risk management approach is applied across the group in order to reduce the risks to an acceptable level for the board. It is important to stress that internal audits are not responsible for the design and construction of control systems but undertake an objective role in order to review them appropriately at a later date. PricewaterhouseCoopers undertake this responsibility on behalf of Circle Anglia which ensures an objective review and audit.

f) the association's objectives and strategies as well as the related business risks are made clear to external auditors so they can gain an understanding of the overall structure and governance of the association.

g) internal financial control is mainstreamed into the processes of the organisation. In order to increase financial awareness within the group "have your say" workshops have been used. The principal financial internal controls are segregation of duties, the employment of qualified staff and advisors and operating sound and well documented budgetary controls. To embed this further, function testing has been implemented to provide additional assurance around a vital area of the business. This in turn improves understanding and raises awareness of the processes and controls within an organisation of our size.

At present forecasts and budgets are prepared which allow the Board and management to monitor the key business risks and financial objectives and progress towards financial plans set for the year and medium term.

h) quality management systems are in place. This will ensure that the final service we provide to our customers always meets or exceeds the performance standards. Popular forms of quality management are accreditations such as Investors in People (IIP), which the group is currently pursuing,

i) compliance with other quality schemes and standards are established. The Board can demonstrate intended levels of quality and standards through customer satisfaction reports. Service Level Agreements and work undertaken by the Service Excellence Team also provide strong examples of quality schemes in existence within the group. Codes of practice and national standards and achievements are adopted by the group as appropriate to provide additional assurance to the Board.

j) the Board receives the reports on all areas of the association's performance information (including performance indicators) and that it is regularly reviewed. The Housing Corporation values benchmarking schemes, committees and evidence of a performance management culture which is both led and supported by senior managers. There is also a regulatory requirement to ensure that data systems are externally validated.

k) reports from regulatory and other external bodies are available to the Board.

l) formal procedures have been established for implementing appropriate action to correct weaknesses identified. An example of this is the function testing which has been implemented across the group.

m) it is recognised that the group does not tolerate fraud and action is taken to reduce the risk of fraud through control systems. A fraud statement and response policy is incorporated in the governance framework.

n) all significant new initiatives, major commitment and investment projects are subject to formal review and authorisation. Specific guidelines are in place to guide staff who may have dealings with this area and regular committee meetings take place to monitor progress.

The Board acknowledges that their responsibility applies to the complete range of risks and controls within the organisation's activities and to ensuring that necessary remedial action is put into operation.

On behalf of the Board, the Group Audit Committee has reviewed the annual reports of the Group Chief Executive and those of the Internal Audit and Risk Management functions. The Committee has continuously monitored the effectiveness of the system of internal control in existence in the organisation for the year ended 31st March 2008 and until the date of the Board meeting at which the statement and accounts are approved. No weaknesses were found in internal controls which resulted in material losses, contingencies, or uncertainties which require disclosure.

Statement of Board of Management's responsibilities

Statement of Board of Management's responsibilities in respect of the Board of Management's report and the financial statements

The Board of Management is responsible for preparing the Board of Management's Report and the financial statements in accordance with applicable law and regulations.

Industrial and Provident Society law requires the Board of Management to prepare financial statements for each financial year. Under that law the Board of Management have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the Trust and of the surplus or deficit for that period.

In preparing these financial statements,

the Board of Management are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

The Board of Management is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that its financial statements comply with the Industrial & Provident Societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities.

The Board of Management is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

The Board members who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board member has taken all the steps that they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

A resolution for the re-appointment of KPMG LLP as auditors of the Association is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Board member

Report of the independent auditors

Report of the independent auditors to the members of Circle Anglia Limited

We have audited the group and parent financial statements of Circle Anglia Limited for the year ended 31 March 2008 which comprise the Consolidated and Association Income and Expenditure Account, the Consolidated Statement of Total Recognised Surpluses and Deficits, the Note of Consolidated Historical Cost Surpluses and Deficits, the Consolidated and Association Balance Sheet, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Association's members, as a body, in accordance with Schedule 1 paragraph 16 to the Housing Act 1996 and section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditors

The responsibility of the Association's Board for the preparation of the Board's report, and the preparation of financial statements in accordance with applicable United Kingdom law and UK accounting standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Board's Responsibilities on page 24 opposite.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002 and the Industrial and Provident Societies (Group Accounts) regulations 1969, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. We also report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained, if the Association has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the association's circumstances, consistently applied and adequately disclosed.

Report of the independent auditors

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the group and Association as at 31 March 2008 and of the surplus of the group and of the Association for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002 and the Industrial and Provident Societies (Group Accounts) regulations 1969, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

KPMG LLP

Chartered Accountants
Registered Auditor

1 Forest Gate
Brighton Road
Crawley
RH11 9PT

Group income and expenditure accounts

Group income and expenditure account for the year ended 31 March 2008

	Note	Group 2008 £000	Group 2007 £000
Turnover: continuing activities including Joint Ventures	3	170,108	130,653
Operating costs	3	(132,595)	(101,089)
Other costs	3	(1,765)	(1,345)
Operating surplus : continuing activities : Joint Ventures	3	35,784	28,219
Surplus on sale of fixed assets – housing properties	6	29,570	38,581
Amortisation of negative goodwill		949	–
Interest receivable and other income	7	5,368	2,153
Interest payable and similar charges	8	(57,501)	(35,637)
Surplus on ordinary activities before taxation		14,189	33,266
Tax credit – (charge) – on surplus on ordinary activities	10	803	(1,650)
Surplus for the financial year		14,992	31,616

The notes on pages 32 to 71 form part of these financial statements.

Statement of total group recognised surpluses and deficits for the year ended 31 March 2008

Surplus for the financial year	22	14,992	31,616
Unrealised (deficit) on revaluation of housing properties	22	(37,105)	(35,850)
Actuarial gain/(loss) recognised in the pension scheme	29	2,612	1,890
Settlement of Lewisham pension scheme liability	29	–	1,544
Total recognised (deficits) since last annual report		(19,951)	(800)

Note of group historical cost surpluses and deficits for the year ended 31 March 2008

Reported surplus on ordinary activities before taxation		14,256	33,266
Realisation of property revaluation surpluses of previous years	22	6,301	74
Difference between historical cost and revalued depreciation	22	4,018	(1,627)
Historical cost surplus on ordinary activities before taxation		24,908	31,713
Taxation charge (credit)		803	(1,650)
Historical cost surplus on ordinary activities after taxation		25,711	30,063

Group and Association balance sheets

	Note	Group 2008 £000	Group 2007 £000
Tangible fixed assets			
Housing properties at valuation		11 1,717,046	1,171,177
Other tangible fixed assets		11 20,985	10,310
Investments		12 6,117	3,053
Investments in joint venture:			
Share of gross assets		12 23,130	19,303
Share of gross liabilities		12 (22,890)	(18,607)
Property Investments:			
Investment in property under the Homebuy Scheme:			
Grant investment		1,975	2,076
Social housing grant		(1,975)	(2,076)
		1,744,388	1,131,236

Stock and work in progress	13	266	117
Properties for sale		5,395	10,870
Debtors due within one year	14	47,935	16,097
		53,596	27,084
Investments	15	4,064	797
Cash at bank and in hand		18,493	11,544
		76,153	39,425
Creditors: Amounts falling due within one year	16	(643,032)	(44,583)
Net current liabilities		(566,879)	(5,158)
Total assets less current liabilities		1,177,509	1,126,078
Other Debtors – amounts falling due after one year	14	163,504	129
		1,341,013	1,126,207
Creditors: Amounts falling due after more than one year	17	770,862	762,428
Provisions for liabilities and charges	20	16	1,494
Long-term pension liability	29	5,050	4,122
		775,928	768,044

Non-equity share capital	21	-
Designated reserve	22	5,941
Revenue reserve	22	5,499
Revaluation reserve	22	116,810
Goodwill	22	89,379
	22	215,461
		263,285
		226,872

Consolidated funds	1,341,013	1,126,207
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The financial statements were approved by the Board on 29 July 2008 and signed on its behalf by:

Board Member	Board Member	Secretary
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29

Group and Association balance sheets

Company balance sheet
for the year ended 31 March 2008

	Note	2008 £000	2007 £000
Tangible fixed assets			
Other tangible fixed assets	11	633	350
Investments	12	272	51
		905	401
Current assets			
Debtors due after one year	14	-	323,764
Debtors due within one year	14	46,031	5,043
		46,031	328,807
Investments	15	-	-
Cash at Bank & in Hand		12	42
		46,043	328,849
Creditors: Amounts falling due within one year	16	(44,675)	(5,231)
Net current assets		1,368	323,618
Total assets less current liabilities		2,273	324,019
Creditors: Amounts falling due after more than one year	17	2,000	323,723
Long term pension liability	29	2,036	3,500
Capital and reserves:			
Non-equity Share Capital	21	-	-
Revenue reserve	23	(1,763)	(3,204)
Association's funds		2,273	324,019

The financial statements were approved by the Board on 29 July 2008 and signed on its behalf by:

Board Member

Secretary

Consolidated cashflow statement

Consolidated cashflow statement
for the year ended 31 March 2008

	Note	2008 £000	2007 £000
Net cash inflow from operating activities	26	55,113	39,985
Returns on investment and servicing of finance			
Interest received		5,257	2,153
Interest paid		(65,631)	(42,455)
Net cashflow from returns on investment and servicing activities		(60,374)	(40,302)
Taxation paid			
Corporation Tax paid		-	(164)
Capital expenditure			
Purchase and construction of housing properties		(378,642)	(209,475)
Social housing grants – received		45,891	29,455
Sales of Housing properties		83,189	46,779
Purchase of other fixed assets		(10,173)	(4,991)
Net cash outflow from investing activities		(259,857)	(138,232)
Cash outflow before management of liquid resources and financing		(264,996)	(138,713)
Management of liquid resources			
Cash (paid into) withdrawn from money market deposit accounts		(3267)	2,003
Financing			
Housing loans received net of payments	26/27	271,843	128,754
Increase/(decrease) in cash	26/27	3,580	7,956

The notes on pages 32 to 71 form part of these financial statements.

Notes to the financial statements

1. Legal status

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is also a Registered Social Landlord under the Housing Act 1996.

2. Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice for Registered Housing Associations update 2005 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

A summary of the more important accounting policies, which have been consistently applied, is set out below:

(a) Basis of accounting

The financial statements are prepared on the historical cost basis as modified for the revaluation of housing properties.

(b) Basis of consolidation

The group financial statements incorporate the financial statements of the group's parent, Circle Anglia Limited, and its subsidiaries.

(c) Turnover

Turnover represents gross rental income receivable during the period net of voids, fees, management fees, direct works income, supporting people income and other sundry sources.

(d) Housing properties

Completed housing properties have been valued on an Existing Use Value – Social Housing (EUV-SH) basis and are to be revalued annually. The aggregate surplus or deficit on revaluation is the difference between the cost of the property less capital grants received, less depreciation and the amount of the valuation. The cost of the property includes purchase price and construction costs together with the costs of subsequent improvements and the

incidental costs of acquisition and construction including interest capitalised during the construction period. Interest capitalised is calculated by reference to the Association's cost of borrowing.

Depreciation is charged on housing properties in accordance with their expected economic lives as evaluated by professional valuers. Depreciation has therefore been charged on a straight line basis at rates of between 1% and 1.4% excluding land.

Housing properties under construction are stated at cost less capital development grants and are transferred to "Completed Schemes" once they are available for letting. No depreciation is provided on housing properties under construction.

Where properties are sold the portion of the revalued cost of sale that is in excess of the historic cost of sale for the property is released from the revaluation reserve and is transferred to the Income and Expenditure Reserve.

Shared Ownership housing stock is also included in fixed assets. Under the terms of tenancy agreements tenants have the right to purchase additional shares in these properties at an appropriate share of the open market valuation.

Homebuy – Investments and the associated grant under the Homebuy scheme are held within the balance sheet as fixed asset investments.

Costs incurred prior to a development being virtually certain of being awarded are charged to the Income and Expenditure Account. Only directly attributable costs that are incurred after it is virtually certain that a development scheme has been awarded are capitalised in the Financial Statements.

Major capital project repairs and maintenance expenditure is only capitalised when such expenditure increases the rental income.

reduces future maintenance costs or significantly extends the useful life of the property. All other major capital project repairs and maintenance are taken to the Income and Expenditure account in the period incurred.

In accordance with the Statement of Recommended Practice only costs that are directly attributable to bringing the properties into working condition for their intended use have been included in the historical cost of the properties.

(e) Impairment

Houses which are depreciated over a period in excess of 50 years are, in accordance with FRS 11 and the SORP (update 2005), subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to operating surplus unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised gains and losses.

(f) Capital development grants

Capital development grants are secured from the Housing Corporation and other sources and are utilised to reduce the cost of acquisition and development prior to revaluation. The amount transferred to the Revaluation Reserve as a result of the revaluation of housing properties has been calculated as the difference between the valuation amount and the net cost of the properties after deducting capital development grants received.

Where grants are received in advance they are carried forward in current liabilities to be matched against future capital expenditure as it is incurred. Grants receivable in respect of schemes under construction or complete are included as a debtor in the financial statements.

Capital development grants may be repayable under certain circumstances, primarily following the sale of a property. Provision for repayment is made in the Balance Sheet when properties which have previously received grant funding are subsequently sold.

(g) Other fixed assets and depreciation

Freehold offices are stated at historical cost after depreciation over 25 years. Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following rates:

	% per annum
Fixtures and fittings in leasehold offices	
Over the term of the property lease	
Communal alarm units	33
Computer hardware and software	33
Office furniture and equipment	15-33

(h) Investments

Investments are valued at the lower of cost and net realisable value.

(i) Designated reserves

Where funding has been received from bodies other than the Housing Corporation, amounts have been set aside in respect of major repairs and the replacement of furniture and fittings, in accordance with individual funding arrangements.

Sinking funds to cover the cost of major works are held on trust where required for leaseholders. Annual contributions from leaseholders are based on independent qualified Chartered Surveyors' review of stock condition surveys and a programme of planned works. The contributions are set aside to a designated reserve.

Notes to the financial statements

(j) Deferred income

Deferred income comprises both premiums on leases which are released over the life of the lease and other income received which is carried forward over the lives of the assets concerned.

(k) Loan origination fees

Loan origination fees in respect of the issue of new loan facilities whose draw down is certain, are deferred and written off to the Income and Expenditure account over the expected life of the loan. Loan origination fees in respect of the refinancing of existing debt or in respect of undrawn facilities whose draw down is uncertain, are written off directly to the Income and Expenditure Account.

(l) Value Added Tax (VAT)

The group is VAT registered in the name of Circle Anglia Limited, but the majority of its income, being rents, is exempt for VAT purposes and this gives rise to a partial exemption calculation. Expenditure for non-taxable activities is therefore shown inclusive of VAT and the input VAT recovered is credited against operating costs. Expenditure on taxable activities is shown exclusive of VAT.

(m) Pensions

The group participates in several defined benefit pension scheme which provide benefits based on final pensionable pay. The assets of the schemes are held separately from those of the group, being invested in independently managed superannuation funds.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. In accordance with FRS17, the pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between

operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Pension costs are assessed in accordance with the advice of independent qualified actuaries. Costs include the regular cost of providing benefits which, it is intended, should remain a substantially level percentage of the current and expected future earnings of the employees covered. Variations from the regular pension costs are spread evenly through the income and expenditure account over the average remaining service lives of the current employees.

Certain employees have opted to take out separate arrangements under various defined contribution schemes which they have chosen. The assets of such schemes are also separate from those of the group, being invested by independent fund managers. Contributions by the group are charged to the profit and loss account for the year in which they are payable to the schemes.

(n) Lease obligations

Where assets are financed by leasing arrangements that give rights approximating to ownership, they are classified as finance leases and are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payment due during the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor. Rentals paid under operating leases (including those paid under 'Temporary Market Rent Housing' leases) are charged to the Income and Expenditure account on an accruals basis.

(o) Sale and leaseback

Properties held under sale and leaseback arrangements under which the group retains the risks and rewards of ownership are included within housing properties at valuation and valued on the same basis as all other

completed housing properties. The group recognises the substance of such financing arrangements as long-term loans. The associated finance charge is calculated on the carrying value of the loan outstanding.

(p) Reimbursable contracts

South Anglia Housing Limited (formerly Stort Valley Housing Association Limited) carries out contractual work on behalf of East Hertfordshire District Council. This work is invoiced at cost on a reimbursement basis and the relevant income and expenditure is not recognised in the financial statements. Amounts due from, and expenditure related to, such contracts are included in debtors and accruals at the year end.

(q) Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. No provision has been made for any taxation that would arise if the fixed assets were disposed of at the values included in the Financial Statements, since it is not intended to reduce significantly the size of housing stock and hence cause a material taxation liability to crystallise.

(r) Deferred tax

Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

(s) Stock Transfers

Where opportunities for the regeneration of local authority housing stock arise after transfer requests from tenants and residents, the Association may seek to maximise the resources available for regeneration schemes by entering into VAT shelter arrangements. In these circumstances, the underlying substance

of the transactions is reflected in the accounts on a gross basis. The obligation to the local authorities is shown as long term debtors and the obligation to contractors under the refurbishment contracts is shown in long term creditors. Amounts due within one year under the arrangements are classified within current assets and liabilities.

(t) Negative Goodwill

Negative goodwill arising on the acquisition of subsidiaries represents the excess of fair value of the identifiable net assets acquired over the fair value of the consideration given and is taken immediately to reserves. This is in accordance with the SORP but not in accordance with FRS 10 which requires that negative goodwill is shown as a negative asset on the balance sheet. The Board is of the opinion that the treatment required by FRS 10 would not present a true and fair view of the group's net assets because the substance of the transaction is a transfer of business by a subsidiary for no consideration rather than a purchase in the conventional manner. If the negative goodwill had been treated as a negative asset as required by FRS 10 then the group's net assets would have been reduced by £226.9m. Negative goodwill is amortised over the same period for which the depreciation is charged on the properties acquired (over 100 years).

Notes to the financial statements

For the year ended 31 March 2008 – (continued)

3. Turnover, other costs, operating costs and operating surplus

Group – continuing activities

	2008 Turnover £000	2008 Operating Costs £000	2008 Operating Surplus £000	2007 Operating Turnover £000	2007 Operating Surplus £000
Social housing lettings	146,735	115,388	31,347	110,165	27,674
Other social housing activities					
Supporting people contract income	14,393	13,409	984	12,476	241
Development services	36	–	36	481	210
Management services	412	993	(581)	1,280	(1,343)
Community regeneration	837	1,209	(372)	530	(672)
Other	3,661	2,942	719	2,639	191
	19,339	18,554	786	17,406	(1,373)
Non-social housing activities					
Lettings	4,034	297	3,737	3,082	1,918
	4,034	297	3,737	3,082	1,918
	170,108	134,239	35,870	130,653	28,219
Association – continuing activities					
Central services recharged	31,660	(31,670)	(10)	26,210	1

Particulars of income and expenditure from social housing lettings

Group	General needs housing £000	Supported social housing £000	Shared ownership £000	Residential Care Homes £000	Lease £000	2008 Total £000	2007 Total £000
Rent receivable							
net of identifiable							
service charges	116,737	11,941	397	4,675	179	1,897	135,826
Charges for							
support services	–	–	–	–	–	–	1,688
Service charges							
receivable	6,095	2,654	–	1,334	49	444	10,576
Net rental							
income	122,831	14,595	397	6,009	228	2,341	146,402
Other revenue							
grants	160	15	–	87	71	–	333
Turnover from social							
housing lettings	122,991	14,610	397	6,096	299	2,341	146,735
							110,165

3. Turnover, other costs, operating costs and operating surplus (continued)

	General needs housing £000	Supported social housing £000	Shared ownership £000	Residential Care Homes £000	Lease £000	2008 Total £000	2007 Total £000
Management	(36,294)	(3,897)	(4,207)	(2)	(1,204)	(45,786)	(26,593)
Services	(8,141)	(2,040)	(158)	(137)	(369)	(10,866)	(7,306)
Special development cost	–	–	–	–	–	–	(1,524)
Routine maintenance	(22,954)	(1,882)	(70)	(34)	(467)	(25,410)	(20,720)
Planned maintenance	(15,244)	(1,932)	–	(1)	(180)	(17,357)	(11,128)
Major repairs expenditure	–	–	–	–	–	–	(765)
Bad debts	(1,227)	(431)	–	9	(19)	(1,668)	(1,264)
Property lease charges	–	–	–	–	–	–	(538)
Depreciation of housing properties	(7,387)	(476)	–	(109)	–	(8,015)	(5,262)
Impairment of Housing Properties	–	–	–	–	–	–	(2,247)
Other costs	(5,345)	(303)	(410)	(2)	(226)	(6,286)	(5,144)
Operating costs on social housing lettings	(96,592)	(10,961)	(683)	(4,480)	(2,508)	(115,388)	(82,491)
Operating surplus/ (deficit) on social housing lettings	26,400	3,649	(286)	1,616	(167)	31,347	27,674
Voids	(1,729)	(720)	(53)	(130)	(67)	(2,695)	(1,867)

Notes to the financial statements

For the year ended 31 March 2008 – (continued)

4. Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

	Group 2008 No.	Group 2007 No.
Social housing		
General housing	36,134	22,234
Supported housing	3,424	2,358
Shared ownership	2,220	1,633
Residential care homes	1,009	158
Keyworker	422	367
Leaseholders	2,172	791
Temporary	4	–
Total owned	45,385	27,541
Accommodation managed for others	945	1,021
Stock owned but not managed	(1,435)	(1,135)
Total managed	44,895	27,427
Non-social housing		
Market rented	454	287
Other non-social	206	111
Total owned and managed	45,555	27,825
Accommodation in development at the year end	2,368	2,913

5. Operating surplus

This is arrived at after charging

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Depreciation of housing properties	8,224	5,628	–	–
Impairment of housing properties	–	2,247	–	–
Depreciation of other tangible fixed assets	2,835	1,559	229	167
Amortisation of formation costs	4	4	4	4
Operating lease rentals	2,782	2,082	768	832

Auditors' remuneration: (including VAT)

For audit services	190	191	25	22
For non-audit services	173	103	–	19

6. Surplus on sale of fixed assets – housing properties

	Group 2008 £000	Group 2007 £000
Disposal proceeds	64,853	66,985
Cost of sale	(34,135)	(28,404)
	29,627	38,581

Cost of sale includes fees incurred in addition to the asset carrying value.

7. Interest receivable and other income

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Interest receivable on bank deposits	527	577	15	2
Interest receivable on derivatives	3,948	1,373	–	–
Other interest earned	534	177	–	–
Other finance income (FRS 17)	64	26	–	20
Interest receivable from unlisted investments	–	–	6	6
Dividend from Joint Ventures	294	–	–	–
Interest from subsidiaries	–	–	8,442	17,054
	5,367	2,153	8,463	17,082

8. Interest payable and similar charges

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Interest on loans	62,327	41,421	8,443	17,054
Loan breakage costs-net	5,131	–	–	–
Sale and lease back finance charge	–	128	–	–
Other interest payable	3	690	–	–
Interest payable on derivatives	71	479	–	–
Other finance costs – pension FRS 17	25	–	–	–
	67,557	42,718	8,443	17,054
Interest payable capitalised on Housing Properties under construction	(10,056)	(7,081)	–	–
	57,502	35,637	8,443	17,054
Capitalisation rate used to determine the finance costs capitalised during the period	5.81%	5.43%	–	–
No development interest has been written off to revenue.				

Notes to the financial statements

For the year ended 31 March 2008 – (continued)

9. Employees (continued)

Average monthly number of employees (FTE)			
	Group 2008 No.	Group 2007 No.	Company 2008 No.
Administration	225	209	184
Care	337	273	2
Developing or selling housing stock	66	63	52
Managing or maintaining housing stock	500	485	24
	1,128	1,030	262
			269
Staff Costs:			
	Group 2008 £000	Group 2007 £000	Company 2008 £000
Wages and salaries	33,031	29,559	10,681
Social security costs	3,257	2,903	1,120
Other pension costs	2,317	1,880	810
	38,605	34,342	12,611
			11,597

EPIC Trust employ the majority of their staff directly. With the exception of EPIC Trust,

and Anglia Maintenance Services Limited's non-salary based employees, all other employees within the group are employed by Circle Anglia Limited. The resulting employment costs attributable to each Association/Company are recharged via the Service Level Agreement (SLA).

Board members and executive officers

During the year, Non-Executive Board members received emoluments totalling £137,256 (2007: £112,075). Expenses paid during the year to the Board and committee members amounted to £23,193 (2007: £11,108).

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £180,244 (2007: £158,010).

The executive officers, including the Chief Executive, participate in the pension scheme on the same terms as all other eligible staff.

	Basic salary £	Bonus £	Benefits in kind £	Pension £	2008 Total £	2007 Total £
Group Board	838,100	20,925	44,425	119,473	1,022,923	970,407
Circle 33 Housing Trust	127,613	-	-	4,225	131,838	-
Old Ford Housing Association Limited	75,800	-	-	22,139	97,939	-
South Anglia Housing Association	92,525	-	-	7,179	99,704	-
Wherry Housing Association	84,208	1,300	-	4,125	89,633	-
Mole Valley Housing Association	127,664	-	6,519	14,563	148,746	-
Roddons Housing Association	60,778	-	4,984	2,800	68,562	-
EPIC	82,589	-	-	11,486	94,075	-
Anglia Maintenance Services	74,402	-	-	-	74,402	-
Circle Anglia Commercial Services Limited	72,232	-	7,074	3,755	83,061	-
Aggregate emoluments					1,910,883	

10. Tax on surplus on ordinary activities

Current tax			
	Group 2008 £000	Group 2007 £000	Company 2008 £000
UK Corporation Tax charge on surpluses for the year	98	196	3
Adjustment in respect of prior years	5	8	7
Total current tax charge	103	204	10
			59
Deferred tax			
	Group 2008 £000	Group 2007 £000	Company 2008 £000
Net origination and reversal of timing differences (excluding pension)	520	-	-
Deferred tax on pension charge	4	(48)	-
Deferred tax – rate change	48	-	-
Deferred tax on gift aid	(1,478)	1,494	-
Total deferred tax charge	(906)	1,446	-
Tax (credit) charge on surpluses for the year	(803)	1,650	10
			(30)

Current year tax reconciliation

	Group 2008 £000	Group 2007 £000	Association 2008 £000
Surplus on ordinary activities before tax	14,256	33,266	10
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007: 30%)	4,277	9,980	3
Timing difference on pension charge	4	48	-
Gift aid timing difference	(1,468)	(1,494)	-
Depreciation for year in excess of / (below level of) capital allowances	(3)	(9)	-
Surpluses of charitable entities not subject to corporation tax	(1,713)	(8,248)	-
Other non-deductible expenditure, net of allowable capital costs	(502)	10	-
Utilisation of losses	(497)	(91)	-
Adjustments in respect of prior years	5	8	7
Total current tax charge	103	204	10
			59

Notes to the financial statements

For the year ended 31 March 2008 – (continued)

11. Tangible fixed assets Group – Housing properties

	Housing properties held for letting	Completed shared ownership properties	Housing properties under construction	Group Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2007	914,576	68,347	134,254	1,117,177
New Partner Additions	413,593	-	19,187	432,780
New property additions	38,266	(2,297)	224,681	260,650
Schemes completed	83,978	96,947	(180,925)	-
Disposals	(9,396)	(35,810)	(3,139)	(48,345)
Revaluation	(40,433)	(4,783)	-	(45,216)
At 31 March 2008	1,400,584	122,404	194,058	1,717,046
Depreciation				
At 1 April 2007	-	-	-	-
Charged in the year	(7,534)	(690)	-	(8,224)
Written back on revaluation	7,351	672	-	8,023
Released on disposal	183	18	-	201
At 31 March 2008	-	-	-	-
Net book value				
At 31 March 2008	1,400,584	122,404	193,419	1,717,046
At 31 March 2007	914,576	68,347	134,254	1,117,177
Historical cost at end of year is represented by:				
Gross Cost	1,872,226	131,775	257,964	2,261,96
Less Capital development grants	(851,333)	(24,356)	(64,545)	(940,234)
	1,020,893	107,419	193,419	1,321,731
Historical cost accumulated depreciation	(64,499)	(1,330)	-	(65,829)
Net Book Value	956,394	106,089	193,419	1,255,902
Social housing grant				
		2008 £000	2007 £000	
Total accumulated SHG receivable at 31 March was:				
Capital grants		940,234	892,212	
Revenue grants		14,330	14,330	
		954,564	906,542	

11. Tangible fixed assets (continued)

On 31 March 2008, the group's completed housing properties were revalued on the basis outlined in Note 1(d) to the financial statements by FPD Savills Consulting, an independent firm of Chartered Surveyors. This full valuation was undertaken in accordance with the Practice Statements in the RICS Appraisal and Valuation Manual. In determining these valuations valuers made use of discounted cash flow methodology and the following assumptions were made:

Future rent increases Retail Price Index plus 0.5% long-term

Real discount rate 5.5%

Valuation EUV-SH £1,522,988,000

The resulting revaluation surplus has been taken to a separate reserve.

Tangible fixed assets – other group

	Investment properties £000	Leasehold/freehold offices £000	Furniture, fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost						
1 April 2007	1,701	8,109	5,110	9,547	15	24,482
New Partner Additions	3,868	1,866	1,866	1,816	56	7,606
Additions	7,036	1,096	2,012	-	-	10,143
Disposals	-	-	(51)	-	-	(51)
At 31 March 2008	1,701	19,013	8,021	13,375	71	42,180
Depreciation						
1 April 2007	(12)	(2,388)	(4,010)	(7,747)	(15)	(14,172)
New Partner Additions	-	(1,389)	(1,435)	(1,388)	-	(4,212)
Charge for year	(4)	(649)	(804)	(1,322)	(56)	(2,835)
Disposals	-	-	24	-	-	24
At 31 March 2008	(16)	(4,426)	(6,225)	(10,457)	(71)	(21,195)
Net Book Value						
At 31 March 2008	1,685	14,588	1,796	2,918	-	20,985
At 31 March 2007	1,689	5,721	1,100	1,800	-	10,310

Notes to the financial statements

For the year ended 31 March 2008 – (continued)

11. Tangible fixed assets – Other (continued)

Company	Furniture fixtures and fittings £000	Computer equipment £000	Total £000
Cost			
At 1 April 2007	850	1,501	2,351
Additions during year	286	271	557
Written off during year	(51)	–	(51)
At 31 March 2008	1,085	1,772	2,857
Depreciation			
At 1 April 2007	(638)	(1,363)	(2,001)
Charge for year	(117)	(112)	(229)
Written off during year	24	–	24
At 31 March 2008	(731)	(1,475)	(2,206)
Net Book Value			
At 31 March 2008	336	297	633
At 31 March 2007	212	138	350

12. Investment in subsidiaries and Joint Ventures

The following are subsidiaries of Circle Anglia Limited:

	% Share Capital Owned	Registrar of Friendly Societies	Registered Office Companies Registrar	Registered Office Housing Corporation	Charity Commission
Circle 33 Housing Trust Limited	100	✓	–	✓	–
Wherry Housing Association Limited	100	✓	–	✓	–
South Anglia Housing Limited	100	✓	–	✓	–
Anglia Maintenance Services Limited	100	–	✓	–	–
Old Ford Housing Association	100	–	✓	✓	–
Mole Valley Housing Association	100	✓	–	✓	–
Roddons Housing Association	100	✓	–	✓	–
Russet Homes	100	✓	–	✓	–
Invicta Telecare Limited	100	–	✓	–	–
Circle Anglia Treasury Limited	100	–	✓	–	–
EPIC Trust	100	–	✓	–	✓
Anglia Maintenance Services Limited	100	–	✓	–	–
Your Lifespace Limited	100	–	✓	–	–
Circle Anglia Foundation Limited	100	–	✓	–	✓
Commercial Services Circle Anglia Limited	100	–	✓	–	–
Old Ford Homes Limited	100	–	✓	–	–
Landericus Limited	100	–	✓	–	–

12. Investment in subsidiaries and Joint Ventures (continued)

All of the above are participants in the Group Borrowing Facility with the exception of Commercial Services Circle Anglia Limited, Epic Trust Limited, Anglia Maintenance Services Limited, Circle Anglia Foundation Limited), Russet Homes Limited, Invicta Telecare Limited and Landericus Limited.

The subsidiaries are all incorporated in the United Kingdom apart from Landericus Limited which is a Guernsey registered company. Procedure Agreements exist between Circle Anglia Limited and the subsidiaries covering the respective obligations of all parties.

Included in investments are:

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Cost incurred in formation of group	–	–	47	51
Cost of Shares – Invicta Telecare Limited	–	–	225	–
British Government investments	8	8	–	–
Investment in Joint ventures:	8	8	272	51
Leamington Waterfront LLP	4,186	3,045	–	–
Wideacre Lifespace Scott LLP	768	–	–	–
Wideacre Lifespace Saffron LLP	1,155	–	–	–
The market value of the	6,117	3,053	272	51
British Government investments were	12	14	–	–

Costs of £78,000 incurred in 1995 associated with the formation of the group are being written off in the consolidated Income and Expenditure Account over 20 years.

The movement on capitalised costs in the year is as follows:

	The Association Costs incurred in formation of the Group £000
Written down value at 1 April 2007	51
Amortisation in year	(4)
Written down value at 31 March 2008	47

Notes to the financial statements

For the year ended 31 March 2008 – (continued)

12. Investment in subsidiaries and Joint Ventures (continued)

Operating surplus/(deficit) and total assets less current liabilities of the principal subsidiary undertakings at 31 March 2008:

	Operating surplus/ (deficit)	Total assets less current liabilities
	2007 £000	2007 £000
Anglia Maintenance Services Limited	65 (58)	748 674
Circle Anglia Foundation Limited (formerly Circle 33 Charity Limited)	(231) (176)	390 621
Circle Anglia Treasury Limited	– –	370,847 –
Circle Anglia Commercial Services Limited	347 –	347 –
Circle 33 Housing Trust Limited	12,572 17,195	292,955 601,866
Epic Trust	234 124	1,077 834
Your Lifespace Limited	47 4,939	5,313 6,807
Old Ford Homes Limited	6,186 360	6,573 55
Old Ford Housing Association	(1,067) 16,771	112,720 68,496
South Anglia Housing Limited	(428) 7,609	18,211 231,447
Wherry Housing Association Limited	(7,004) 5,541	12,438 212,101
Mole Valley Housing Association	1,152 –	106,327 –
Roddons Housing Association	481 –	55,011 –
Russet Homes	1,801 –	363,838 –
Invicta Telecare Limited	(35) –	334 –
Landericus Limited	– –	– –
	14,120 52,305	1,347,129 1,122,901

Associated undertakings – Joint Ventures

	Country of incorporation	Principal activity	Class and percentage of shares held	Parent Company
Tredegar Development Company Limited	England	Development of property	50% 1 £1 Ordinary B Share	Old Ford Homes Limited
T3B Development Company Limited	England	Development of property	50% 1 £1 Ordinary B Share	Old Ford Homes Limited
Leamington Waterfront Limited Liability Partnership	England & Wales	Development of property	50% 1 £1 Ordinary B Share	Your Lifespace Limited
Wideacre Lifespace Scott LLP	England & Wales	Development of property	50% 1 £1 Ordinary B Share	Your Lifespace Limited
Wideacre Lifespace Saffron LLP	England & Wales	Development of property	50% 1 £1 Ordinary B Share	Your Lifespace Limited
Associated undertakings – associates				
Key London Alliance	England & Wales	Development of property	25%	Circle 33 Housing Trust Limited

12. Investment in subsidiaries and Joint Ventures (continued)

The total of the group's profit before taxation from interests in associates and Joint Ventures was £64,000 (2007: £423,000).

	Joint Ventures 2008 £000	Associates 2008 £000	Totals 2008 £000
Share of gross assets			
Current assets	23,125	5	23,130
Share of gross liabilities			
Due within one year	(22,885)	–5	(22,890)
Due after one year			
Sub total	240	–	240
Key London Alliance			–
Total			240

The amounts included in respect of associates and joint ventures comprise the following:

	Joint ventures Total 2008 £000	Joint ventures Total 2007 £000	Associates Total 2008 £000	Associates Total 2007 £000
Share of turnover of associates	9,560	14,888	–	1,098
Share of assets				
Share of fixed assets	–	–	–	–
Share of current assets	23,125	18,885	5	418
Share of liabilities				
Due within one year	(22,885)	(2,776)	(5)	(418)
Due after one year	–	(15,813)	–	–
Share of net assets	240	296	–	–

13. Stock and work in progress

	Group 2008 £000	Group 2007 £000
Parts and warehouse stores	266	117
Stock and work in progress are held by Anglia Maintenance Services Limited and Roddons Housing Association Limited.	266	117

Notes to the financial statements

For the year ended 31 March 2008 – (continued)

14. Debtors

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Due after more than one year:				
Amount due from subsidiaries	–	–	–	323,764
Stock transfer – future works	163,465	–	–	–
Other debtors	39	129	–	–
	163,504	129	–	323,764
Due within one year:				
Work in progress for third parties	–	2,422	–	–
Less: Social housing grant received	–	(1,471)	–	–
	–	951	–	–
Rent and service charges receivable	14,587	10,578	–	–
Less: Provision for bad and doubtful debts	(5,619)	(3,989)	–	–
	8,968	6,589	–	–
Amounts due from subsidiary undertakings	–	–	44,650	3,479
Stock transfer – future works	28,570	–	–	–
Other debtors	5,593	6,352	733	1,407
Prepayments and accrued income	2,327	1,020	648	157
Deferred indexation	695	–	–	–
Deferred taxation	1,154	1,185	–	–
Other taxation and social security	628	–	–	–
	38,967	8,557	46,031	5,043
Total debtors – within one year	47,935	16,097	46,031	328,807
15. Current asset investments				
Money market deposits	4,064	797	–	–
	4,064	797	–	–

16. Creditors: Amounts falling due within one year

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Bank overdraft (note 18)	11,499	7,621	33	–
Bank loans and borrowings (note 18)	549,628	482	–	–
	561,127	8,103	33	–
Trade creditors	13,313	4,064	1,307	55
Rent and service charge received in advance	4,108	3,174	–	–
Amount owed to Group undertakings	–	–	41,017	1,857
Recycled capital grant fund	2,265	3,802	–	–
Disposal proceeds fund	642	819	–	–
Corporation Tax	18	149	0	51
Other taxation and social security	1,816	757	1,212	749
Other creditors	1,469	1,304	16	7
Stock transfer – future works	29,119	–	–	–
Accruals and deferred income	28,579	22,411	1,090	2,512
	642,356	44,583	44,675	5,231

Bank overdrafts are secured by a fixed and/or floating charge over the assets of the relevant subsidiaries.

17. Creditors: Amounts falling due after more than one year

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Bank loans and borrowings (note 18)	586,134	742,780	–	323,723
Obligations under finance leases (note 18)	1,400	–	–	–
	587,534	742,780	–	323,723
Recycled Capital Grant Fund	8,777	8,757	–	–
Disposal Proceeds Fund	5,116	3,406	–	–
Other creditors	1,912	2,770	2,000	–
Financial deferred income	218	354	–	–
Stock transfer – future works	163,465	–	–	–
Other deferred income	3,840	4,361	–	–
	770,862	762,428	2,000	323,723

The obligations under finance leases and hire purchase contracts represent outstanding capital on leasing commitments linked to deferred mortgages.

The group is permitted to set aside repayable capital development grants from staircased shared ownership sales, into a Recycled Capital Grant Fund. This Fund is to be utilised in the acquisition of new housing within three years or the grants become repayable to the Housing Corporation. The group is required to set aside a significant proportion of proceeds from sales under the Voluntary Purchase Grant scheme according to a predetermined formula, under Section 24 of the Housing Act 1996, into a Disposal Proceeds Fund. This Fund is to be utilised in the acquisition of new housing within three years or the grants become repayable to the Housing Corporation.

The provisions for stock transfer works relates to the costs of the works programme to be undertaken on stock transferred to the Association during the year and reflects legally binding obligation to undertake works under refurbishment contracts. The amounts are broken down between amounts due under one year and more than one year.

18. Debt analysis

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Due within one year				
Bank overdraft	11,499	7,621	33	-
Bank loans	549,445	242	-	-
Orchardbrook loans	183	240	-	-
	561,127	8,103	33	-
Due after more than one year				
Bank loans	577,538	733,932	-	323,723
Orchardbrook loans	8,664	8,848	-	-
Obligations under finance leases	1,400	-	-	-
	587,602	742,780	-	323,723
	1,148,729	750,883	33	323,723

Bank loans	577,538	733,932	-	323,723
Orchardbrook loans	8,664	8,848	-	-
Obligations under finance leases	1,400	-	-	-
	587,602	742,780	-	323,723
	1,148,729	750,883	33	323,723

	Group 2008 €000	Group 2007 €000	Company 2007 €000
Within one year	561,127	8,103	33
Between one and two years	1,013	449	—
Between two and five years	989	2,939	—
After five years	585,600	739,392	—
	1,148,729	750,883	33
			323,723

Russet Homes borrowings, included in the above at £129.7 million are secured under a facility of £201 million repayable within 35 years secured by charge over the Association's housing properties and other assets. The weighted average rate of interest chargeable was 7.32%.

Lease premium

At 1 April	52
Released in the year	(27)
	25
Transferred to creditors less than one year	(25)
At 31 March	—

At 1 April	354	459
Released in the year	(53)	(53)
	301	406

Transferred to creditors less than one year	(83)	(52)
At 31 March	218	354
Total	218	354

Deferred Tax

	Group 2008 £000	2007 £000	Company 2008 £000	2007 £000
Deferred tax relating to gift aid paid post year-end	16	1,494	-	-
Provision for deferred taxation	16	1,494	-	-
Provision at start of period	1,494	-	-	-
Deferred tax charge for period (note 10)	-	-	-	-
Deferred tax released during the year	(1,478)	-	-	-
Provision at end of period	16	1,494	-	-

The deferred taxation credit arises from the timing difference relating to the payment of gift aid. Charges are made to the extent that there are no tax losses available to utilise against the charge.

Notes to the financial statements

For the year ended 31 March 2008 – (continued)

21. Non-equity share capital

	Association 2008 £	Association 2007 £
Shares of £1 each issued and fully paid		
At 1 April	11	11
Shares issued during the year	–	4
Shares surrendered during the year	–	(4)
At 31 March	11	11

With the exception of the Chief Executive Officer, each member of the Board of Management holds a non-equity share of £1 in the Association. The shares carry the right to vote at meetings of members on the basis of one share, one vote. They do not carry any right to a dividend, to any redemption value or to any distribution on winding up.

22. Reserves Group

	Revaluation reserve £000	Designated reserves Major repairs improvements £000	Designated reserves designated reserves £000	Other designated reserves £000	Revenue reserve £000	Total £000
At 1 April 2007	263,285	692	458	4,349	89,379	358,163
Surplus for the year	–	–	–	–	14,992	14,992
Revaluation deficit	(37,105)	–	–	–	–	(37,105)
Realisation of property revaluation surpluses of previous years	(6,701)	–	–	–	6,701	–
Transfer to revenue reserve	–	55	–	387	(442)	–
Transfer of amount equivalent to additional depreciation on revalued assets	(4,018)	–	–	–	4,018	–
Pension actuarial gain – net of deferred tax	–	–	–	–	2,162	2,162
As at 31 March 2008	215,461	747	458	4,736	116,810	338,212

23. Reconciliation of movements in group and association funds

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
At 1 April (see note 22)	358,163	358,963	(3,204)	(4,674)
Surplus for the financial year	15,042	31,616	–	–
Revaluation deficit in year	(37,105)	(35,850)	–	–
Impairment	–	–	–	–
Net actuarial gain/(loss)	2,615	3,434	1,441	1,470
Closing funds	338,715	358,163	(1,763)	(3,204)

24. Acquisition of subsidiary undertakings

On 29 October 2007 Circle Anglia Limited acquired the assets and liabilities of Russet Homes Limited, including Invicta Lifeline Limited, a wholly owned subsidiary of Russet Homes.

On 5 November the shares in Invicta Telecare were acquired by Circle Anglia Limited from Russet Homes at par value of £225,500.

Fair value of net assets acquired were: £000	2008 £000
Housing properties (net of SHG)	354,101
Other fixed assets	3,337
Debtors	1,958
Deferred tax – asset	1,220
Bank overdraft	(509)
Creditors	(6,907)
Pension fund deficits	(2,956)
Loans	(122,423)
Net assets acquired – fair value	227,821
Negative goodwill	(227,821)
	–

The fair value of net assets acquired is not materially different to the book value.

25. Financial commitments

Capital commitments were as follows:

	Group 2008 £000	Group 2007 £000
Capital expenditure		
Expenditure contracted but not provided in the accounts	348,875	221,990
Expenditure authorised by the board, but not contracted	86,496	64,145
	435,371	286,135

Operating leases

At 31 March 2008 there were the following annual operating lease commitments on leases expiring:

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Within one year:	–	1,244	–	–
Rentals payable on operating leases on land and buildings	38	–	25	–
Rentals payable on other	115	–	85	–
Between one and five years:	–	3,435	–	768
Rentals payable on operating leases on land and buildings	636	–	486	–
Rentals payable on other	1,285	–	1,065	–
After five years:	–	2,111	–	1,822
Rentals payable on operating leases on land and buildings	5,032	–	4,726	–
Rentals payable on Other	17	–	17	–
	7,123	6,790	6,404	1,161

Notes to the financial statements

For the year ended 31 March 2008 – (continued)

25. Financial Commitments (continued)

Reconciliation of operating surplus to net cash inflow from operating activities

	Group 2008 £000	Group 2007 £000
Operating surplus	35,748	28,169
Depreciation of tangible fixed assets	11,059	7,187
Impairment of housing properties	–	2,547
Deficit on disposal of tangible fixed assets	–	95
FRS17 provision movement	121	126
	46,928	38,124
Working capital movements		
Stock	(149)	272
Debtors	(3,150)	(3,881)
Creditors	11,484	5,470
Net cash inflow from operating activities	51,113	39,985

26. Reconciliation of net cash flow to movement in net debt

	Group 2008 £000	Group 2007 £000
Increase/(Decrease) in cash	3,071	(7,956)
Cash (inflow)/outflow from (decrease)/increase in liquid resources	3,267	(2,003)
Cash inflow from increase in debt	(394,266)	(128,754)
Increase in net debt from cashflows	(387,928)	(138,713)
Net Debt at 1 April 2007	(738,542)	(599,829)
Net Debt at 31 March 2008	(1,126,470)	(738,542)

27. Analysis of changes in net debt

Group	At 1 April 2007 £000	New Partners (Note 24) £000	Cashflow £000	At 31 March 2008 £000
Cash at bank in hand	11,544	–	6,949	18,493
Bank overdraft	(7,621)	(509)	(3,369)	(11,499)
Changes in cash	3,923	(509)	3,580	6,994
Current asset investments	797	–	3,267	4,064
Loans	(743,262)	(122,423)	(271,843)	(1,137,528)
Changes in net debt	(738,542)	(122,932)	(269,521)	(1,126,470)

28. Contingent liabilities

Circle 33 Housing Trust Limited is contracted to two performance bonds, one for £250,000 with Lewisham Borough Council and one for £78,840 with the London Borough of Islington. These have been set up to compensate the relevant District Council for the cost of finding a new contractor in the event of the group's non-performance. No events have occurred which would result in the crystallisation of this bond. Your Lifespace Limited has guaranteed £3.6m in loans to Leamington Waterfront LLP; a joint venture investment to develop and sell property in Warwickshire.

54

29. Pension obligations

Group summary

a) Defined benefit schemes

Members of the group operate a number of defined benefit pension schemes, as summarised below:

Scheme	Norfolk County Superannuation Fund	Islington Council Pension Fund	Surrey County Council Superannuation Fund	Cambridgeshire County Council Superannuation Fund	Kent County Council Pension Fund	Total
Group member	Circle Anglia Limited	Anglia Maintenance Services	EPIC Trust	Mole Valley Housing Association	Beddons Housing Association	Invicta Telecare Homes

Current number of employees in scheme	93	35	10	70	89	120	88	505
Scheme surplus/ (deficit) at 31 March								
2008 £000	(2,909)	187	(415)	(73)	466	(490)	(3,200)	(6,434)
Deferred tax asset (£000)	873	(56)	–	–	–	137	896	1,850
Net scheme liability at 31 March								
2008 (£000)	(2,036)	131	(415)	(73)	466	(353)	(2,304)	4,584

The following defined benefit schemes have 10 or fewer active members and therefore have not been disclosed on grounds of materiality;

National Health Service Pension Scheme, Social Housing Pension Scheme, London Pension Fund Association, London Borough of Tower Hamlets.

	2008 £000	2007 £000
Current service cost	1,346	971
Past service costs	51	–
Settlements and curtailments	27	–
Total operating charge	1,424	971
Analysis of the amount credited to other finance income		
Expected return on pension scheme assets	2,569	1,530
Interest on pension scheme liabilities	(2,419)	(1,499)
Net income	150	31

55

Notes to the financial statements

For the year ended 31 March 2008 – (continued)

29. Pension obligations (continued)

Analysis of amount recognised in statement of total recognised surpluses and deficits (STRSD)

	2008 £000	2007 £000
Actual return less expected return on pension scheme assets	(4,481)	(99)
Experience gains and losses arising on the scheme liabilities	(279)	608
Changes in assumptions underlying the present value of the scheme liabilities	8,414	2,144
Deferred tax	3,654	2,653
	1,039	–
Actuarial gain recognised in STRSD	2,615	2,653

Movement in deficit during the year

	2008 £000	2007 £000
Deficit in schemes at beginning of the year	(5,788)	(9,810)
Opening Balance of new entities at point of entrance	(5,349)	–
Movement in year:		
Current service cost	(1,346)	(971)
Past service costs	(51)	–
Contributions	1,965	770
Former employer contribution to deficit	358	–
Other finance income	150	26
Settlements and curtailments	(27)	–
Actuarial gain/(loss)	3,654	2,653
London Borough of Lewisham pension fund transferred out	–	1,544
Deficit in schemes at end of the year	(6,434)	(5,788)

b) Defined contribution schemes

Members of the group also participate in a number of defined contribution schemes administered by several pension providers in respect of certain employees. The total of all employer pension costs in respect of the year ended 31 March 2008 is shown in the employees note.

Circle Anglia Limited

The Norfolk County Council Superannuation Fund

Circle Anglia Limited operates a defined benefit scheme for employees, the assets of which are held in a separate trustee administered fund, the Norfolk County Council Superannuation Fund. Pension contributions are determined by a qualified independent actuary using the attained age method. The most recent actuarial valuation of the Norfolk County Council Superannuation Fund was at 31 March 2007. The actuaries have rolled forward the actuarial values of the liabilities reported as at 31 March 2006, allowing for changes in financial assumptions as prescribed under FRS 17. In addition, consideration has been taken of the effect of contributions paid into and estimated benefits paid from the fund by the Company and its employees. The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It is assumed that the investment returns will be 7.7% for equities and 5.7% for bonds per annum, the salary increases would average 5.1% per annum and that present and future pensions would increase at the rate of 3.6% per annum.

29. Pension obligations (continued)

The actuarial valuation at 31 March 2008 showed that the market value of the scheme's assets was £1,859 million and that the actuarial value of these assets represented 82.0% of the benefits that have accrued to members after allowing for expected future increases in earnings. The contributions of the Company and employees are 14.1% and 6% respectively (2006: 14.1% and 6% respectively).

Actuarial valuations were updated to take account of the requirements of FRS 17. Scheme assets are stated at their market value at 31 March 2007. The major assumptions used by the actuary for the 2007 valuation update were:

	At 31 March 2008	At 31 March 2007	At 31 March 2006	At 31 March 2005
Discount rate	6.9%	5.4%	4.9%	5.4%
Inflation	3.6%	3.2%	3.1%	2.9%
Rate of increase in salaries	5.1%	4.7%	4.6%	4.4%
Rate of increase in pensions in payment	3.6%	3.2%	3.1%	2.9%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not be necessarily borne out in practice.

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long term rate of return expected 2008 %	Value 2008 £000	Long term rate of return expected 2007 %	Value 2007 £000	Long term rate of return expected 2006 %	Value 2006 £000
Equities	7.7%	12,397	7.9%	13,300	7.4%	12,700
Bonds	5.7%	3,430	4.9%	2,900	4.6%	2,500
Property	5.7%	2,750	5.9%	3,100	5.5%	2,200
Cash	4.8%	762	4.9%	500	4.6%	400
Total Market value of assets		19,339		19,800		(24,500)
Present value of scheme liabilities		21,981		(24,500)		(24,500)
		(2,642)		(4,700)		(6,700)
Present value of underfunded liabilities		(267)		(300)		(300)
Scheme deficit		(2,909)		(5,000)		(7,000)
Related deferred tax asset		873		1,500		2,100
Net pension liability		(2,036)		(3,500)		(4,900)

Notes to the financial statements

For the year ended 31 March 2008 – (continued)

29. Pension obligations (continued) Movement in deficit during the year

	2008 £000	2007 £000
Deficit in scheme at beginning of year	(5,000)	(7,000)
Current service cost	(497)	(680)
Other finance income	65	20
Settlements and curtailments	(27)	–
Contributions	492	560
Actuarial gain/(loss)	2,058	2,100
Deficit in the scheme at the end of year	(2,909)	(5,000)

Analysis of other pension costs charged in arriving at operating surplus

	2008 £000	2007 £000
Current service cost	(497)	(680)
Impact of settlements and curtailments	(27)	–
Total operating charge	(524)	(680)

Analysis of amounts included in other finance costs

	2008 £000	2007 £000
Expected return on pension scheme assets	1,398	1,240
Interest on pension scheme liabilities	(1,333)	(1,220)
	65	20

Analysis of amount recognised in statement of total recognised surpluses and deficits

	2008 £000	2007 £000
Actual return less expected return on scheme assets	(2,100)	(100)
Experience gains and losses arising on scheme liabilities	(304)	520
Changes in assumptions underlying the present value of scheme liabilities	4,462	1,680
Actuarial gain/(loss) recognised in the statement of total recognised surpluses and deficits	2,058	2,100

History of gains and losses

	2008	2007	2006	2005
Actual return less expected return on scheme assets (£000)	(2,100)	(100)	2,500	520
Percentage of year end scheme assets	(10.9%)	(0.5%)	14.0%	3.8%
Experience gains and losses arising on scheme liabilities (£000)	(304)	520	–	(112)
Percentage of present value of year end scheme liabilities	(1.4%)	2.1%	0.00%	(0.6%)
Total amount recognised in the statement of total recognised surpluses and deficits (£000)	2,058	2,100	(640)	589
Percentage of present value of year end scheme liabilities	9.3%	8.5%	(2.6%)	(3.0%)

29. Pension obligations (continued)

Anglia Maintenance Services Limited The Norfolk County Council Superannuation Fund

The Company operates a defined benefit scheme for employees, the assets of which are held in a separate trustee administered fund, the Norfolk County Council Superannuation Fund. Pension contributions are determined by a qualified independent actuary using the attained age method. The most recent actuarial valuation of the Norfolk County Council Superannuation Fund was at 31 March 2007. The actuaries have rolled forward the actuarial values of the liabilities reported as at 31 March 2007, allowing for changes in financial assumptions as prescribed under FRS 17. In addition, consideration has been taken of the effect of contributions paid into and estimated benefits paid from the fund by the Company and its employees. The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It is assumed that the investment returns will be 7.7% for equities and 5.7% for bonds per annum, the salary increases would average 5.1% per annum and that present and future pensions would increase at the rate of 3.6% per annum.

The actuarial valuation at 31 March 2008 showed that the market value of the scheme's assets was £3,488 million and that the actuarial value of these assets represented 10.8% of the benefits that have accrued to members after allowing for expected future increases in earnings. The contributions of the Company and employees are 14.1% and 6% (2007: 14.1% and 6% respectively).

Actuarial valuations were updated to take account of the requirements of FRS 17. Scheme assets are stated at their market value at 31 March 2008. The major assumptions used by the actuary for the 2008 valuation update were:

	At 31 March 2008	At 31 March 2007	At 31 March 2006	At 31 March 2005	At 31 March 2004
Discount rate	6.9%	5.4%	4.9%	5.4%	5.5%
Inflation	3.6%	3.2%	3.1%	2.9%	2.9%
Rate of increase in salaries	5.1%	4.7%	4.6%	4.4%	4.9%
Rate of increase in pensions in payment	3.6%	3.2%	3.1%	2.9%	2.9%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not be necessarily borne out in practice.

Notes to the financial statements

For the year ended 31 March 2008 – (continued)

29. Pension obligations (continued)

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long term rate of return expected at 31 March 08 %	Value at 31 March 08 £000	Long term rate of return expected at 31 March 07 %	Value at 31 March 07 £000	Long term rate of return expected at 31 March 06 %	Value at 31 March 06 £000
Equities	7.7%	2,236	7.9%	2,307	7.4%	2,078
Bonds	5.7%	619	4.9%	501	4.6%	417
Property	5.7%	496	5.9%	540	5.5%	355
Cash	4.8%	137	4.9%	82	4.6%	69
Present value of scheme liabilities		3,488		3,430		2,919
Surplus/(deficit) in the scheme		187		(554)		(935)
Related deferred tax liability–asset		56		166		280
Net pension asset		131		(388)		(655)

Movement in deficit during the year

	2008 £000	2007 £000
Deficit in scheme at beginning of year	(554)	(935)
Current service cost	(234)	(248)
Other finance cost	28	13
Contributions	192	175
Actuarial gain/(loss)	755	441
Surplus/(deficit) in the scheme at the end of year	187	(554)

Analysis of other pension costs charged in arriving at operating surplus

	2008 £000	2007 £000
Current service cost	(234)	(248)
Total operating charge	(234)	(248)

Analysis of amounts including in other finance costs

	2008 £000	2007 £000
Expected return on pension scheme assets	250	209
Interest on pension scheme liabilities	(222)	(196)
	28	13

29. Pension obligations (continued)

Analysis of amount recognised in statement of total recognised surpluses and deficits

	2008 £000	2007 £000
Actual return less expected return on scheme assets	(376)	(18)
Experience gains and losses arising on scheme liabilities	171	88
Changes in assumptions underlying the present value of scheme liabilities	960	371
Actuarial gain/(loss) recognised in the statement of total recognised surpluses and deficits	755	441
History of gains and losses		
Actual return less expected return on scheme assets (£000)	376	18
Percentage of year end scheme assets (10.8%)	(0.5%)	13.6%
Experience gains and losses arising on scheme liabilities (£000)	171	88
Percentage of present value of year end scheme liabilities (5.2%)	2.2%	0.00%
Total amount recognised in the statement of total recognised surpluses and deficits (£000)	755	441
Percentage of present value of year end scheme liabilities (22.9%)	11.1%	(6.6%)

EPIC Trust

Islington Council Pension Fund

The Trust operates a defined benefit scheme for employees, the assets of which are held in a separate trustee administered fund, the Islington Council Pension Fund. Pension contributions are determined by a qualified independent actuary using the attained age method. The most recent actuarial valuation of the Islington Council Pension Fund was at 31 March 2007. The actuary has rolled forward the actuarial values of the liabilities reported as at 31 March 2007, allowing for changes in financial assumptions as prescribed under FRS 17. In addition, consideration has been taken of the effect of contributions paid into and estimated benefits paid from the fund by the Trust and its employees. The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It is assumed that the investment returns will be % for equities and % for bonds per annum, the salary increases would average % per annum and that present and future pensions would increase at the rate of % per annum.

The actuarial valuation at 31 March 2008 showed that the market value of the scheme's assets was £960,000 and that the actuarial value of these assets represented % of the benefits that have accrued to members after allowing for expected future increases in earnings. The contributions of the Trust and employees are % and % respectively (2007: 16.8% and 6% respectively).

Actuarial valuations were updated to take account of the requirements of FRS 17. Scheme assets are stated at their market value at 31 March 2008. The major assumptions used by the actuary for the 2008 valuation update were:

Notes to the financial statements

For the year ended 31 March 2008 – (continued)

29. Pension obligations (continued)

	At 31 March 2008	At 31 March 2007	At 31 March 2006
Discount rate applied to scheme liabilities	6.1%	5.4%	4.9%
Inflation assumption	3.6%	3.1%	2.9%
Rate of increase in salaries	5.35%	4.85%	4.65%
Rate of increase in pensions in payment and deferred pensions	3.6%	3.1%	2.9%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not be necessarily borne out in practice.

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long term rate of return 2008	Value at 31 March 2008 £000	Long term rate of return 2007	Value at 31 March 2007 £000	Long term rate of return 2006	Value at 31 March 2006 £000
Equities	7.50%	907	7.5%	1,038	7.0%	986
Bonds	4.60%	93	4.7%	138	4.3%	143
Other bonds	6.10%	200	5.4%	154	4.9%	146
Property	6.50%	53	6.5%	54	6.0%	56
Cash	5.25%	27	5.25%	16	4.5%	33
Other	7.50%	53	7.5%	67	–	–
Present value of scheme liabilities		1,333		1,467		1,364
Net pension liability		(1,748)		(1,701)		(1,695)
		(415)		(234)		(331)

Movement in deficit during the year

	2008 £000	2007 £000
Deficit in scheme at beginning of year	(234)	(331)
Current service cost	(32)	(43)
Past service loss	(13)	–
Other finance cost	5	(7)
Contributions	31	35
Actuarial gain/(loss)	(172)	112

Analysis of other pension costs charged in arriving at operating deficit

	2008 £000	2007 £000
Current service cost	(32)	(43)
Past service loss	(13)	–
	(45)	(43)

29. Pension obligations (continued)

Analysis of amounts included in other finance costs

	2008 £000	2007 £000
Expected return on pension scheme assets	97	81
Interest on pension scheme liabilities	(92)	(83)
	5	(2)

Analysis of amounts recognised in statement of total recognised surpluses and deficits

	2008 £000	2007 £000
Actual return less expected return on scheme assets	(186)	19
Experience (loss)/gain arising on scheme liabilities	112	–
Changes in assumptions underlying the present value of scheme liabilities	(98)	93
Actuarial (loss)/gain recognised in the statement of total recognised surpluses and deficits	(172)	112

History of gains and losses

	2008 £000	2007 £000
Actual return less expected return on scheme assets (£000)	(186)	19
Percentage of year end scheme assets	14.0%	1.3%
Experience gains and losses arising on scheme liabilities (£000)	112	–
Percentage of present value of year end scheme liabilities	6.4%	0.0%
Total amount recognised in the statement of total recognised surpluses and deficits (£000)	(172)	112
Percentage of present value of year end scheme liabilities	(9.8%)	6.6%

Roddons Housing Association Limited

The Cambridgeshire County Council Superannuation Fund

Roddons Housing Association operates a defined benefit scheme for employees, the assets of which are held in a separate trustee administered fund, the Cambridgeshire County Council Superannuation Fund. Pension contributions are determined by a qualified independent actuary using the attained age method. The most recent actuarial valuation of the Cambridgeshire County Council Superannuation Fund was at 31 March 2007. The actuaries have rolled forward the actuarial values of the liabilities reported as at 31 March 2007, allowing for changes in financial assumptions as prescribed under FRS 17. In addition, consideration has been taken of the effect of contributions paid into and estimated benefits paid from the fund by the Company and its employees. The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It is assumed that the investment returns will be 7.7% for equities and 5.7% for bonds per annum, the salary increases would average 5.1% per annum and that present and future pensions would increase at the rate of 3.6% per annum.

The actuarial valuation at 31 March 2007 showed that the market value of the scheme's assets was £3.9 million and that the actuarial value of these assets represented 82.0% of the benefits that have accrued to members after allowing for expected future increases in earnings. The contributions of the Company and employees are 14.1% and 6% respectively (2007: 14.1% and 6% respectively).

Notes to the financial statements

For the year ended 31 March 2008 – (continued)

Analysis of amounts included in other finance costs

Actuarial valuations were updated to take account of the requirements of FRS 17. Scheme assets are stated at their market value at 31 March 2008. The major assumptions used by the actuary for the 2007 valuation update were:

	AL 31 March 2008	AL 31 March 2007
Discount rate	6.9%	5.4%
Inflation	3.6%	3.2%
Rate of increase in salaries	5.1%	4.7%
Rate of increase in pensions in payment	3.6%	3.2%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not be necessarily borne out in practice.

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long term rate of return expected 2008 %	Value 2008 £000	Long term rate of return expected 5 Nov 2007 %	Value 5 Nov 2007 £000
Equities	7.7%	2,706	7.9%	2,858
Bonds	5.7%	499	5.2%	502
Property	5.7%	469	5.9%	464
Cash	4.8%	532	4.9%	204
Total Market value of assets		4,206		4,028
Present value of scheme liabilities		3,740		4,386
		466		(358)
Present value of underfunded liabilities		–		–
Scheme surplus/(deficit)		466		(358)
Related deferred tax asset		–		–
Net pension asset (liability)		466		(358)

29. Pension obligations (continued) Movement in deficit during the year

	2008 £000
Deficit in scheme at beginning of period	(358)
Current service cost	(131)
Former employer contribution to Deficit	315
Net return on assets	14
Contributions	130
Actuarial gain/(loss)	496
Surplus in the scheme at the end of year	466

Analysis of other pension costs charged in arriving at operating surplus

	2008 £000
Current service cost	(131)
Impact of Settlements & Curtailments	–
Total operating charge	(131)

Mole Valley Housing Association Limited

The Surrey County Council Superannuation Fund

Mole Valley Housing Association operates a defined benefit scheme for employees, the assets of which are held in a separate trustee administered fund, the Surrey County Council Superannuation Fund. Pension contributions are determined by a qualified independent actuary using the attained age method. The most recent actuarial valuation of the Surrey County Council Superannuation Fund was at 31 March 2007. The actuaries have rolled forward the actuarial values of the liabilities reported as at 31 March 2007, allowing for changes in financial assumptions as prescribed under FRS 17. In addition, consideration has been taken of the effect of contributions paid into and estimated benefits paid from the fund by the Company and its employees. The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It is assumed that the investment returns will be 7.7% for equities and 5.7% for bonds per annum, the salary increases would average 5.1% per annum and that present and future pensions would increase at the rate of 3.6% per annum.

The actuarial valuation at 31 March 2007 showed that the market value of the scheme's assets was £3.2 million and that the actuarial value of these assets represented 82.0% of the benefits that have accrued to members after allowing for expected future increases in earnings. The contributions of the Company and employees are 14.1% and 6% respectively (2007: 14.1% and 6% respectively).

Actuarial valuations were updated to take account of the requirements of FRS 17. Scheme assets are stated at their market value at 31 March 2008. The major assumptions used by the actuary for the 2008 valuation update were:

Notes to the financial statements

For the year ended 31 March 2008 – (continued)

29. Pension obligations (continued)

29. Pension obligations (continued)

	At 31 March 2008	At 31 March 2007
Discount rate	6.9%	5.4%
Inflation	3.6%	3.2%
Rate of increase in salaries	5.1%	4.7%
Rate of increase in pensions in payment	3.6%	3.2%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not be necessarily borne out in practice.

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long term rate expected 2008 %	Value 2008 £000	Long term rate expected 29 Oct 2007 %	Value 29 Oct 2007 £000
Equities	7.7%	2,328	8.0%	2,132
Bonds	5.7%	628	5.3%	538
Property	5.7%	237	5.9%	198
Cash	4.8%	83	5.0%	66
Total Market value of assets		3,276		2,934
Present value of scheme liabilities		3,349		3,703
		(73)		(769)
Present value of underfunded liabilities		–		–
Scheme surplus/(deficit)		(73)		(358)
Related deferred tax asset		–		–
Net pension liability		(73)		(358)

Movement in deficit during the year

	2008 £000
Deficit in scheme at beginning of period	(769)
Current service cost	(123)
Other finance cost	–
Net Return on Assets	42
Contributions	624
Actuarial gain/(loss)	152
Deficit in the scheme at the end of year	(73)

Russet Homes Limited The Kent County Council Superannuation Fund

Russet Homes Limited is and admitted member of a defined benefit scheme for employees, the assets of which are held in a separate trustee administered fund, the Kent County Council Superannuation Fund. The actuarial liabilities of the scheme are subject to a triennial valuation by the schemes independent actuaries. An actuarial valuation was carried out as at 31 March 2007 using the projected unit method. For the purposes of calculating the required contribution rate the following assumptions were applied; gilt based discount rate 4.5%, funding based discount rate will be 6.1%, earnings growth would average 4.7% per annum and that price inflation would be 3.2% per annum.

The actuarial valuation at 31 March 2007 showed that the assets of the whole scheme were sufficient to cover 73% of the accrued liabilities assessed on an ongoing basis. The contributions of the association over the three years to 2008–10 remained at 38% of earnings.

Actuarial valuations were updated to take account of the requirements of FRS 17. Scheme assets are stated at their market value at 31 March 2008. The major assumptions used by the actuary for the 2008 valuation update were:

	At 31 March 2008	At 31 March 2007	At 31 March 2006	At 31 March 2005
Discount rate	6.9%	5.4%	4.9%	5.4%
Inflation	3.6%	3.2%	3.1%	2.9%
Rate of increase in salaries	5.1%	4.7%	4.6%	4.4%
Rate of increase in pensions in payment	3.6%	3.2%	3.1%	2.9%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not be necessarily borne out in practice.

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

Notes to the financial statements

For the year ended 31 March 2008 – (continued)

	Long Term rate of return expected 2008 %	Value 2008 £000	Long term rate of return expected 2007 %	Value 2007 £000
Equities	7.7%	7,590	7.7%	7,280
Bonds	5.7%	1,530	4.8%	1,290
Property	5.7%	1,180	5.7%	1,060
Cash	4.8%	620	4.8%	750
Total Market value of assets		10,920		10,380
Present value of scheme liabilities		(14,120)		(14,910)
FRS17 pension fund deficit		(3,200)		(4,530)
Related deferred tax asset		873		1,359
Net pension liability		(2,036)		(3,171)

Movement in deficit during the year

	2008 £000	2007 £000
Deficit in scheme at beginning of year	(4,530)	(7,000)
Current service cost	(450)	(680)
Past service costs	(90)	(240)
Other finance income	60	110
Settlements and curtailments	–	(10)
Contributions	900	560
Actuarial gain	1,030	860
Deficit in the scheme at the end of year	(3,200)	(4,530)

Analysis of other pension costs charged in arriving at operating surplus

	2008 £000	2007 £000
Current service cost	(450)	(510)
Past service costs	(90)	(240)
Impact of Settlements & Curtailments	–	(10)
Total operating charge	(540)	(760)

Analysis of amounts included in other finance costs

	2008 £000	2007 £000
Expected return on pension scheme assets	750	620
Interest on pension scheme liabilities	(810)	(730)
	(60)	(110)

Analysis of amount recognised in statement of total recognised surpluses and deficits

	2008 £000	2007 £000
Actual return less expected return on scheme assets	(1,320)	(60)
Experience gains and losses arising on scheme liabilities	(100)	–
Changes in assumptions underlying the present value of scheme liabilities	2,450	920
Actuarial gain recognised in the statement of total recognised surpluses and deficits	1,030	860

29. Pension obligations (continued) History of gains and losses

	2008	2007	2006	2005
Actual return less expected return on scheme assets (£000)	(1,320)	(60)	1,340	247
Percentage of year end scheme assets (12.1%)	(0.58%)	(0.58%)	15.2%	3.8%
Experience gains and losses arising on scheme liabilities (£000)	(100)	–	15	402
Percentage of present value of year end scheme liabilities (0.7%)	0.0%	0.0%	0.1%	3.4%
Total amount recognised in the statement of total recognised surpluses and deficits (£000)	1,030	860	(415)	424
Percentage of present value of year end scheme liabilities	7.3%	5.77%	(2.9%)	3.5%

Invicta Telecare Limited

The Kent County Council Superannuation Fund

Invicta Telecare Limited is and admitted member of a defined benefit scheme for employees, the assets of which are held in a separate trustee administered fund, the Kent County Council Superannuation Fund. The actuarial liabilities of the scheme are subject to a triennial valuation by the schemes independent actuaries. An actuarial valuation was carried out as at 31 March 2007 using the projected unit method. For the purposes of calculating the required contribution rate the following assumptions were applied: investment return 6%, earnings growth would average 4.3% per annum and that pensions increases 2.8% per annum.

The actuarial valuation at 31 March 2007 showed that the assets of the whole scheme were sufficient to cover 63% of the accrued liabilities assessed on an ongoing basis. The contributions of the association over the three years to 2008–10 will increase to 17.5% (plus and annual contribution of £61k).

Actuarial valuations were updated to take account of the requirements of FRS 17. Scheme assets are stated at their market value at 31 March 2008. The major assumptions used by the actuary for the 2008 valuation update were:

	At 31 March 2008	At 31 March 2007	At 31 March 2006	At 31 March 2005
Discount rate	6.9%	5.4%	4.9%	5.4%
Inflation	3.6%	3.2%	3.1%	2.9%
Rate of increase in salaries	5.1%	4.7%	4.6%	4.4%
Rate of increase in pensions in payment	3.6%	3.2%	3.1%	2.9%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not be necessarily borne out in practice.

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

Notes to the financial statements

For the year ended 31 March 2008 – (continued)

	Long term rate of return expected 2008 %	Value 2008 £000	Long term rate of return expected 2007 %	Value 2007 £000
Equities	7.7%	2,750	7.7%	3,130
Bonds	5.7%	560	4.8%	560
Property	5.7%	430	5.7%	460
Cash	4.8%	230	4.8%	320
Total Market value of assets		3,970		4,470
Present value of scheme liabilities		(4,460)		(4,910)
FRS17 pension fund deficit		(490)		(440)
Related deferred tax asset		147		132
Net pension liability		(343)		(308)

Movement in deficit during the year

	2008 £000	2007 £000
Deficit in scheme at beginning of year	(440)	(770)
Current service cost	(340)	(300)
Other finance income	50	30
Contributions	290	230
Actuarial (loss) gain	(50)	370
Deficit in the scheme at the end of year	(490)	(440)

Analysis of other pension costs charged in arriving at operating surplus

	2008 £000	2007 £000
Current service cost	(340)	(300)
Total operating charge	(340)	(300)

Analysis of amounts included in other finance costs

	2008 £000	2007 £000
Expected return on pension scheme assets	330	270
Interest on pension scheme liabilities	(280)	(240)
	50	30

Analysis of amount recognised in statement of total recognised surplus and deficits

	2008 £000	2007 £000
Actual return less expected return on scheme assets	(570)	(30)
Experience gains and losses arising on scheme liabilities	(520)	10
Changes in assumptions underlying the present value of scheme liabilities	1,040	390
Actuarial (LOSS) gain recognised in the statement of total recognised surpluses and deficits	(50)	370

History of gains and losses

	2008	2007	2006	2005
Actual return less expected return on scheme assets (£000)	(570)	(30)	580	101
Percentage of year end scheme assets	(14.4%)	(0.8%)	14.9%	2.6%
Experience gains and losses arising on scheme liabilities (£000)	(520)	10	3	(217)
Percentage of present value of year end scheme liabilities	(11.7%)	0.2%	0.1%	(6.4%)
Total amount recognised in the statement of total recognised surpluses and deficits (£000)	(50)	370	(127)	(190)
Percentage of present value of year end scheme liabilities	(1.1%)	8.3%	(2.7%)	(5.6%)

30. Related party transactions

Tenant Board members on subsidiary Boards rent properties from the group under the same terms and conditions as all tenants in similar properties.

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INDEX OF DEFINED TERMS

€	3, 26
£	3, 34
3	
30/360	24
30E/360	24
30E/360 (ISDA)	25
360/360	24
A	
Accession Deed	113
Accession Memorandum	113
Account Charge	21
Account Chargor	21
Accounts Agreement	21
Accounts Bank	21
Act	106
Actual/360	24
Actual/365 (Fixed)	24
Actual/365 (Sterling)	24
Actual/Actual (ICMA)	23
Actual/Actual (ISDA)	24
Additional Business Centre(s)	21
Additional Financial Centre(s)	21
Additional Obligors	113
Advance	22
Agent	22
Agent Bank	22
Aggregate Default Interest Amount	22
Aggregate Nominal Amount	22
Amortising Basis	22
Ancillary Documents	113
Anniversary	113
Apportioned Part	113
Apportionment Certificate	113
Approved Tenancy	113
Asset Cover Covenants	113
Asset Tests	84, 113
B	
Base Prospectus	1, 50
Benchmark Gilt	22
Beneficiary	113
Bond Basis	24
Borrower	1, 22
Borrower Transaction Documents	113
Breach of Duty	22
Bullet Repayment	22
Business Day	22, 113
Business Day Convention	22
C	
Calculation Amount	23
Calculation Date	19, 23
Cash Security Account	113
CAT	27, 93
Charged Account	113

Charged Cash.....	113
Charged Properties.....	1
Charged Property.....	23, 113
Chargor's Assets	113
Circle 33.....	5, 94, 114
Circle Anglia Group	23, 114
Clearstream, Luxembourg	114
Closing Arrangements Deed	23
collecting agent	106
Companies Act.....	114
Compliance Certificate	23, 114
Conditions.....	23, 50
Conditions Precedent Document.....	114
Coupon Sheet.....	23
Couponholders	23
Coupons	23

D

Dangerous Substance	114
Day Count Fraction	23
Dealer	25
Dealer Agreement	25
Deed of Covenant.....	114
Deed of Guarantee	1, 25
Defaulted Counterparty	25
Defaulted Series.....	7, 43
Definitive Note	18
Designated Agreements	114
Designated Documents	114
Desk-top Valuation.....	114
Determination Date	34, 122
Development.....	114
Directive 2004/39/EC	1
Disbursement Account.....	114
Dollar Note.....	25

E

Early Redemption Amount.....	26
Encumbrance	114
Environment	114
Environmental Claims.....	114
Environmental Contamination	114
Environmental Laws	115
EUR	3, 26
Euro.....	3, 26
Euro Note	26
Eurobond Basis.....	24
Euroclear	115
Eurodollar Convention.....	22
Event of Default	26, 42
Excluded Financial Indebtedness	115
Expense Apportioned Part.....	10, 115
Extraordinary Resolution	26

F

Final Discharge Date	26
Final Maturity Date	26
Final Repayment Date	115
Final Terms.....	26

Finance Beneficiary.....	26
Finance Document.....	115
Finance Documents.....	26
Financial Covenants Compliance Certificate.....	26
Financial Indebtedness.....	115
Financial Indebtedness Percentage.....	116
Financial Regulator.....	1
Financial Statements Compliance Certificate.....	26
Financial Year.....	116
Fitch.....	26
Fixed Advance.....	116
Fixed Charge.....	26
Fixed Coupon Amount.....	26
Fixed Rate Note.....	26
Fixed Rate Note Provisions.....	26
Floating Advance.....	116
Floating Charge.....	116
Floating Rate Convention.....	22
Floating Rate Note.....	27
Floating Rate Note Provisions.....	26
Following Business Day Convention.....	22
FRN Convention.....	22
FSMA.....	108
Further Notes.....	27

G

GBP.....	3, 34
Gearing Test.....	116
Global Note.....	18
Grant.....	116
Gross Redemption Yield.....	27
Group.....	89, 114
Group Borrower.....	1, 27
Group Borrower Security Deed.....	1, 116
Guarantee Beneficiaries.....	27
Guarantee Beneficiary.....	27
Guarantor.....	27
Guarantor Charged Account.....	116

H

Housing Act.....	116
Housing Associations Act.....	116
Housing Corporation.....	116

I

Incorporated Terms Memorandum.....	27
Industrial and Provident Society.....	116
Insolvency Event.....	27
Insolvency Official.....	28
Insurance.....	116
Interest Amount.....	28
Interest Commencement Date.....	28
Interest Determination Date.....	28
Interest Period.....	28
Intra-Group Loan Agreement.....	119
Irish Stock Exchange.....	1, 28, 116
ISDA 2006 Definitions.....	28
ISDA Rate.....	38
Issue Price.....	28

Issuer	1, 28
Issuer Covenants	28
Issuer Enforcement Notice	29
Issuer Floating Charge	29
Issuer Floating Charge Assets	29
Issuer Jurisdiction	29
Issuer Payments Priorities	29
Issuer Programme Transaction Documents	29
Issuer Secured Obligations	29
Issuer Series Transaction Document	29
Issuer Transaction Documents	29

L

Liabilities	29
Loan	116
Loan Default Rate	116
Loan Enforcement Event	116
Loan Event of Default	29
Loan Facility	29
Loan Facility Agreement	29
Loan Facility Agreement Standard Terms	29, 60
Loan Gross Redemption Yield	117
Loan Insolvency Event	117
Loan Insolvency Official	117
Loan Interest Period	117
Loan Potential Enforcement Event	117
Loan Proceeds	117
Loan Transaction Terms	29, 60
Loan Trigger Events	72, 118
Loan Utilisation Date	118
London Business Day	29

M

MAE	72
Management Board	89
Margin	30, 118
Market Maker	30
Master Definitions Schedule	30
Master Execution Deed	30
Meeting	30
Minimum Amount	30
Minimum Prepayment Amount	118
Minimum Value of the NAB Charged Properties	118
Minimum Value of the SAB Charged Properties	118
Modified Business Day Convention	22
Modified Following Business Day Convention	22
Mole Valley	5, 94, 118
Moody's	30

N

NAB Administration Agreement	118
NAB Beneficiary	118
NAB Charged Property	118
NAB Loan-to-Value Test	66, 118
Net Worth	119
No Adjustment	23
Non-Defaulted Series	7, 43
Note Calculation Period	23
Note Interest	30

Note Payment Date	30
Note Rate	30
Note Security Deed.....	30
Note Trust Deed.....	30
Note Trustee	30
Noteholder	19
Noteholders.....	30
Notes.....	1, 31
Notice of New Finance Beneficiary	119
Notice of New Guarantee Beneficiary.....	119
Notices Condition	31
Notices Details.....	31
Numerical Apportionment Basis	119

O

Obligor.....	119
Official List	1
Old Ford	5, 94, 119
Old Ford Floating Charge	119
On-Loan Agreement.....	119
Ordinary Shares	87
Original Guarantors	27
outstanding.....	31

P

Paying Agency Agreement.....	31
Paying Agent	31
Payment Business Day	31
Payment Date	119
Permanent Global Note	18, 119
Post-Enforcement Payments Priorities	32
Potential Event of Default	32
Pre-Enforcement Payments Priorities.....	32
Preceding Business Day Convention	22
Principal Amount Outstanding.....	32
Principal Financial Centre.....	32
Principal Paying Agent.....	32
Programme.....	21
Programme Date.....	32
Prospectus Directive	1, 50
Provisions for Meetings of Noteholders	32
Public Sector Grant.....	119

R

Rating Agency	32
Receiptholders	32
Receipts	32
Receipts Account	120
Receipts Deposit.....	120
Receiver.....	32
Reference Banks.....	32
Reference Rate	32
Registered Social Landlord	120
Regular Date	32-33
Regular Period.....	32
Regulation S	3
related Interest Determination Date	28
related Interest Period	28
Relevant Coupons.....	41

Relevant Date.....	33
Relevant Documents.....	120
Relevant Implementation Date	109
Relevant Member State	109
Relevant Screen Page.....	33
Relevant Time	33
Repayment Date.....	120
Repayment Profile	120
Repeating Representations.....	120
Reserved Matter	33
Residential Property	120
Retail Price Index	120
Right to Buy	120
Rights.....	120
Roddons.....	5, 94, 120
RPI	120
S	
S&P.....	33
SAB Beneficiary.....	120
SAB Charged Properties.....	83, 121
SAB Loan-to-Value Test	66, 121
Screen Rate.....	33
Secured Amounts.....	121
Secured Obligations	121
Securities Act.....	3
Security	121
Security Assets	121
Security Beneficiaries	33
Security Beneficiary	33, 121
Security Document.....	122
Security Register.....	83, 122
Security Trust Deed	33
Security Trustee	33
Series	21, 33
Series Assets	33
Series Closing Date.....	33
Series Secured Creditor.....	34
Series Secured Creditors	33
Series Security.....	6, 34
Series Security Percentage.....	122
Shared Ownership Property	122
Shared Ownership Sale	122
SORP.....	122
South Anglia	5, 94, 122
Specific Allocation Basis	122
Specific Apportionment Basis	83
Specified Currency	34
Specified Denomination(s)	34
Specified Office	34
Specified Period	34
Spens Prepayment Amount.....	122
Spens Redemption Amount	34
Stabilising Manager.....	3
Sterling.....	3, 34
Sterling Note.....	34
Subscription Agreement.....	122
Subsidiary.....	122
Substituted Obligor	48

Supplement	21, 34
Supplemental Fixed Charge	122
Swap Agreement.....	34
Swap Agreements	34
Swap Counterparties	34
Swap Counterparty.....	34

T

Talon.....	34
TARGET2 Settlement Day.....	34
TARGET2 System.....	34
Tax.....	34
Tax Deduction	34, 61
Tax Gross Up.....	62, 122
taxable	34
taxation	34
Taxes.....	34
Taxing Authority.....	34
Temporary Global Note	18, 122
Total Advance Amount	122
Transaction Account	34
Transaction Parties.....	35
Transaction Party	35
Treaty	35
Trust Documents.....	35

U

U.S. dollars	3, 35
UK.....	122
Unallocated Charged Properties.....	83, 122
Underlying Security	123
unit	38, 123
United Kingdom	122
USD.....	3, 35

V

Valuation	123
Valuation Basis	123
Valuation Basis I.....	123
Valuation Basis II	123
Valuation Date	123
Value	123
Valuer	123
VAT.....	35
VAT Legislation	35

W

Wherry.....	5, 94, 123
Written Resolution.....	35

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