

Investing in Affordable Housing

Matching Liabilities

Why Affordable Housing?

- Stable long term cash flows supported by identifiable asset value
- Large, regulated, *zero corporate default* sector

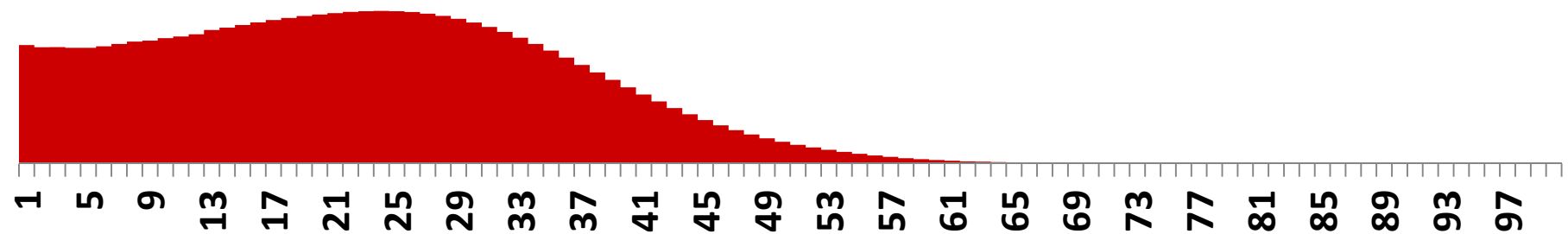
Typical Property Characteristics	Affordable Housing			Private Residential Rental	Commercial Property
	Shared Ownership	Social Rented	Affordable Rent		
Long Term Leases	>99Y	'Lifetime'	3-5Y	<1Y	<25Y
LPI "0" Cash Flows	✓	✗	✗	✗	varies
No Political Risk	✓	✗	✗	✗	✓
Fully Repair & Insuring Lease	✓	✗	✗	✗	✓
Zero Void Cost	✓	✗	✗	✗	✗
Appreciating Property Value	✓	✓	✓ (?)	✓ (?)	✗
Regulated Sector + Public Data	✓	✓	✓	✗	✗
Underlying Redemption Profile	✓	✓	✗ (return dependent)	✗ (return dependent)	✗

Why Shared Ownership Bonds?

- Shared Ownership produces optimal income and asset profile
- Bonds backed by Shared Ownership provide optimum investment route

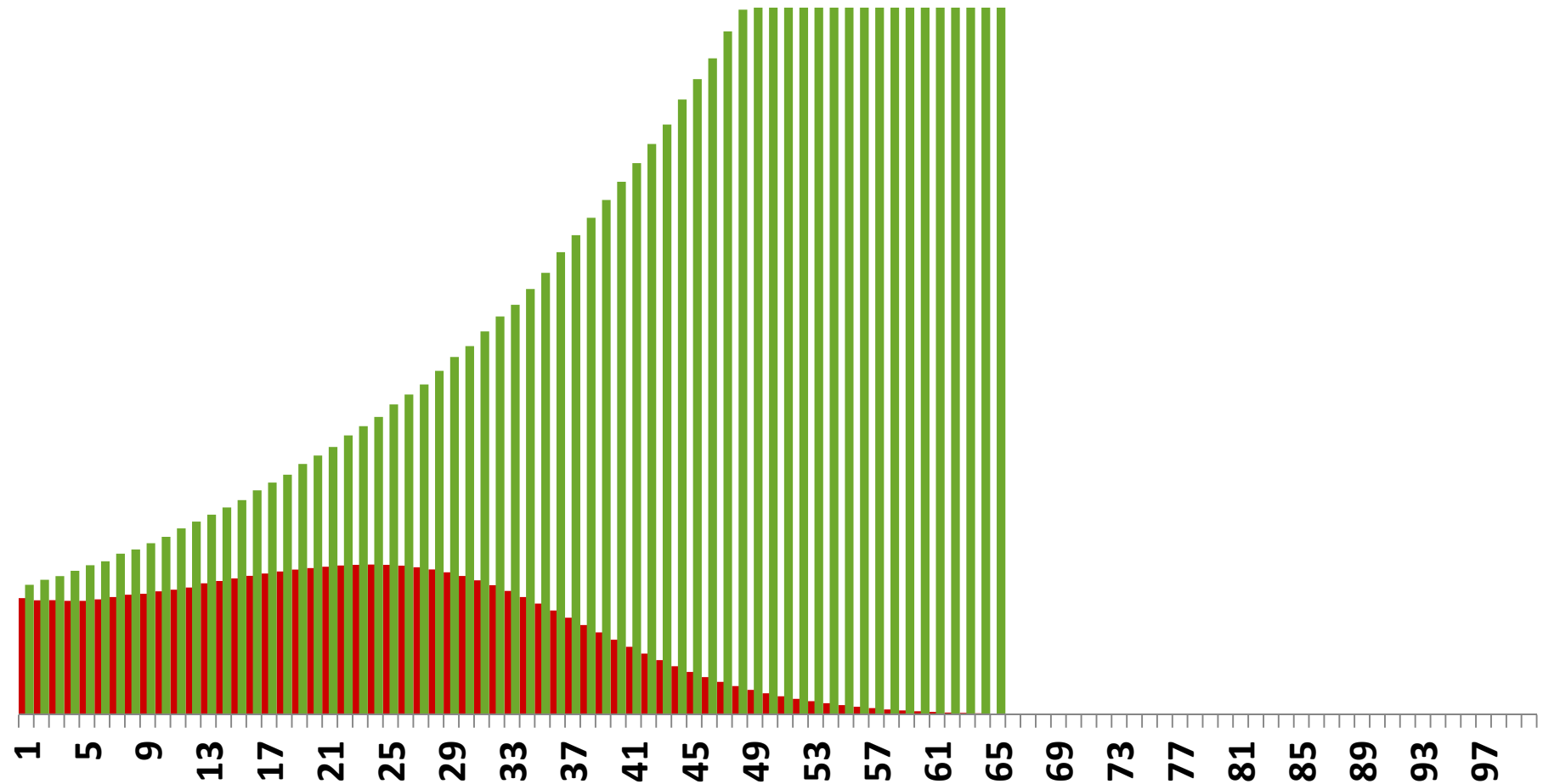
Characteristics	Shared Ownership Bonds	Affordable Housing Sale & Leaseback	Index-Linked Gilts	Corporate Index Linked Bonds	Corporate Fixed Income Bonds
Long Term	✓	✓	✓	✓	✓
RPI Linked	✓	✓ (mismatched)	✓	✓	✗
Annual RPI floor at 0%	✓	✓	✗	✗	✗
Investment Grade Covenant	✓	✓	✓	✓	✓
Amortising	✓	✗ (£1 reversion)	✗	✗	varies
Sub-Sovereign	✓	✓	✓	✗	✗
Tradable Instrument	✓	✗	✓	✓	✓
Easy to Manage	✓	(?)	✓	✓	✓
Socially Responsible Investment	✓	✓	✗	✗	✗

Mature DB Scheme Cash Flow Profiles (D=15)



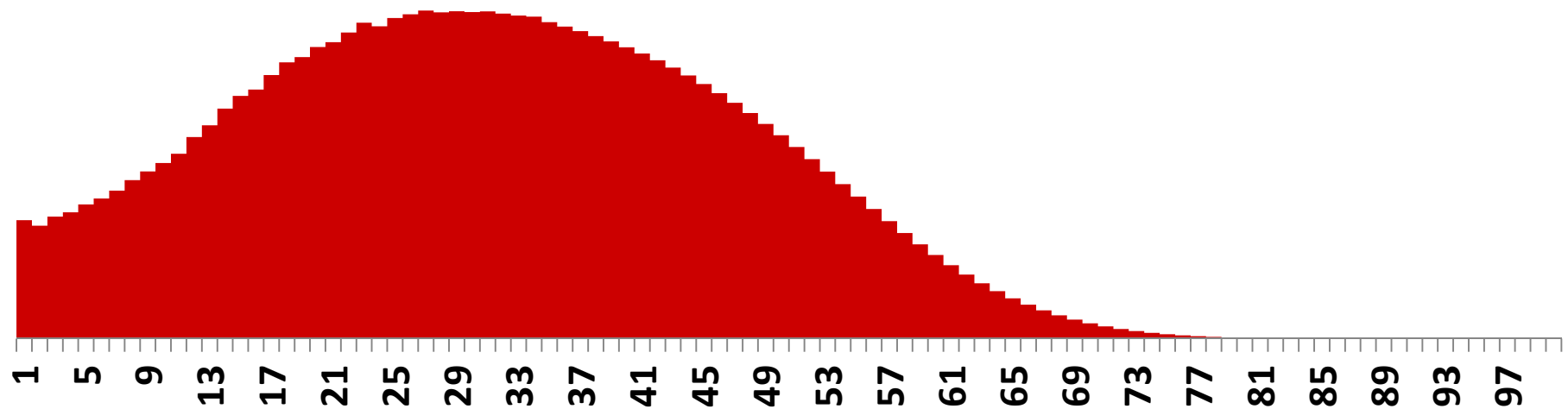
Source: Hymans Robertson

Shared Ownership Overlay Mature Scheme



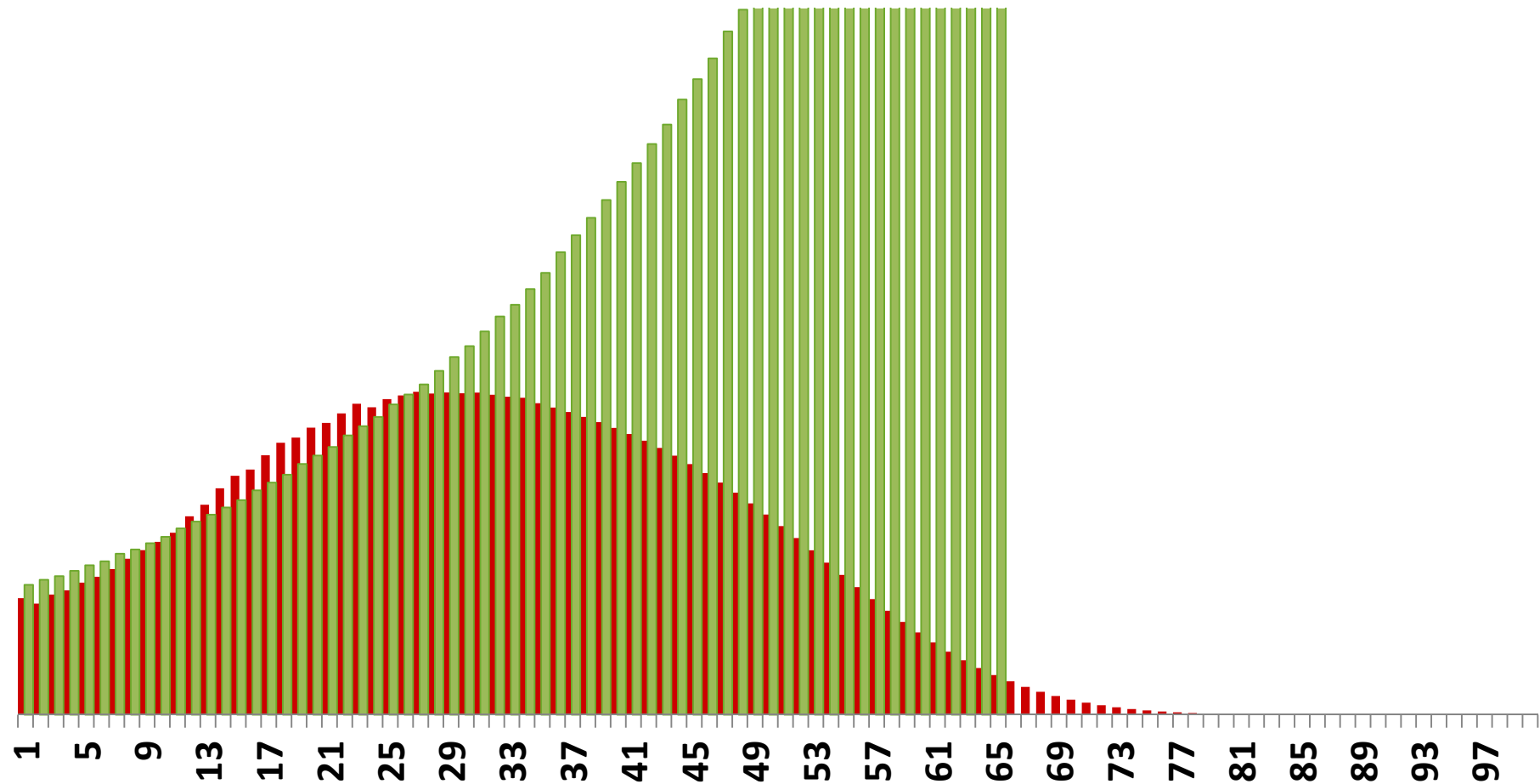
Source: Hymans Robertson, Assettrust Housing

Immature DB Scheme Cash Flow Profiles (D=25)



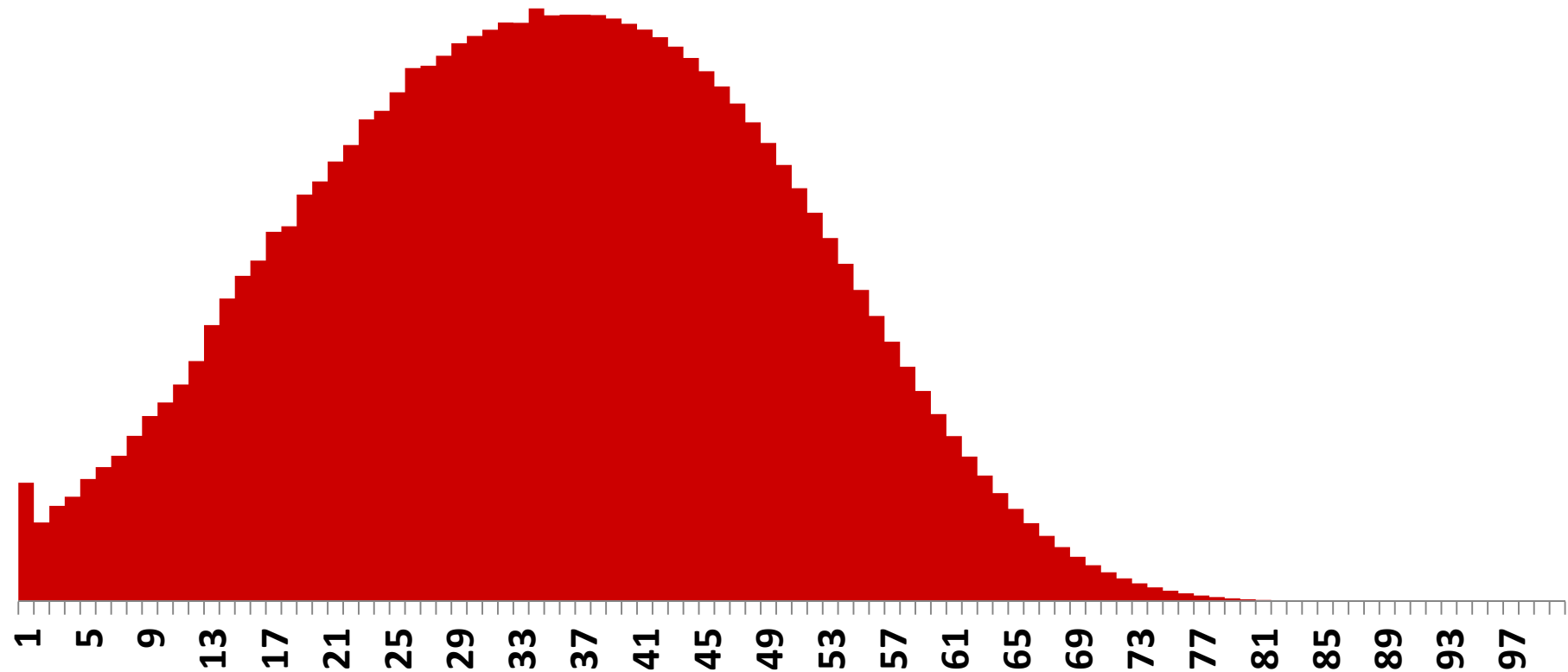
Source: Hymans Robertson

Shared Ownership Overlay Immature Scheme



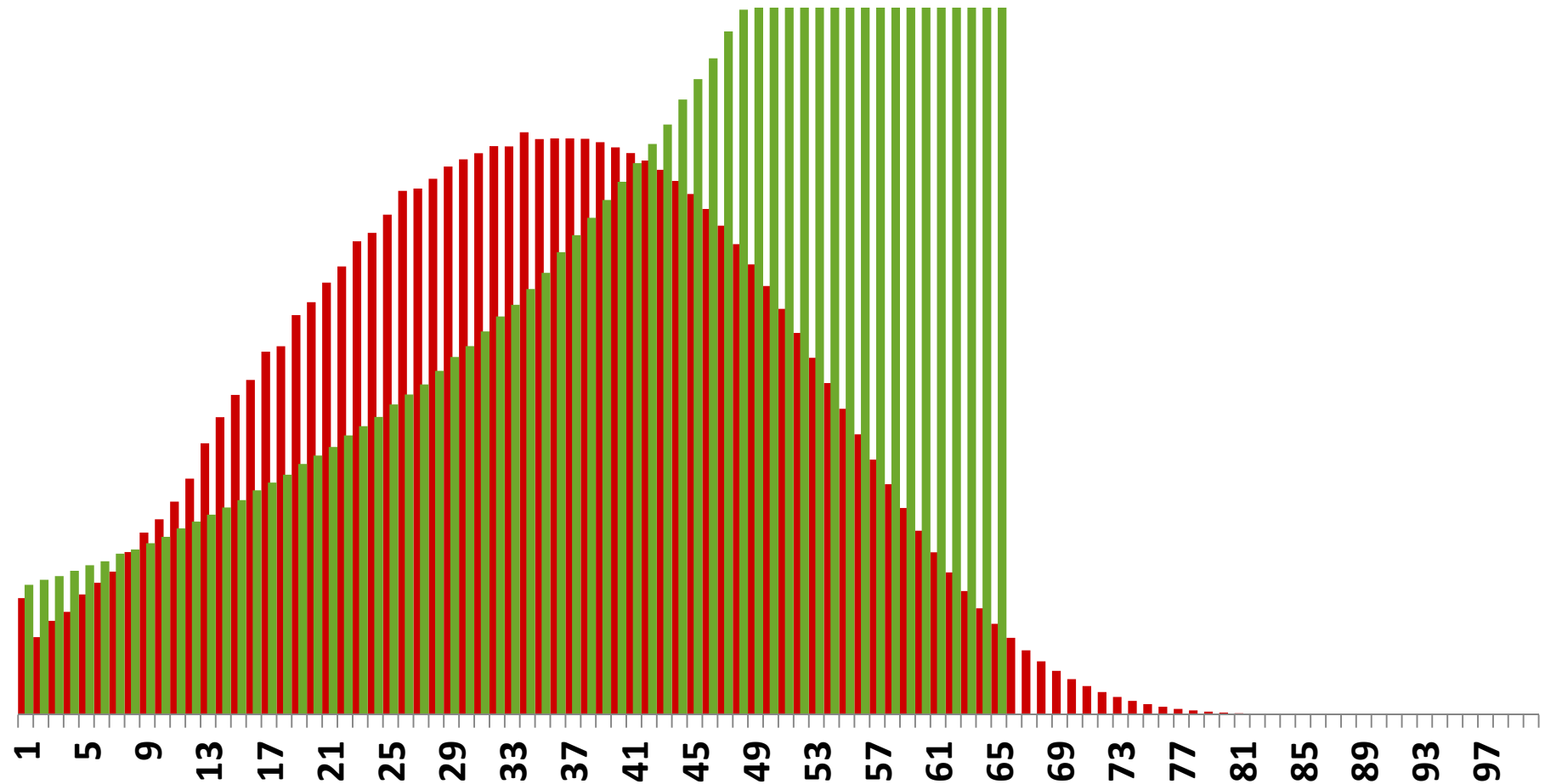
Source: Hymans Robertson, Assettrust Housing

Typical DB Scheme Cash Flow Profiles (D=20)



Source: Hymans Robertson

Shared Ownership Overlay Typical Scheme



Source: Hymans Robertson, Assettrust Housing

Highlights

Shared Ownership

- Mainstay of affordable housing policy
- Market over 30Y old
- Most affordable way to fulfil ownership aspirations
- Affordability 2nd only to social renting across the UK (1st in some areas)
- Preferred first time buyer product (default rate less than half FTB market)
- 160,000 existing properties = over £8bn RPI investment
- 5,000 - 10,000 new shared ownership properties created every year
- Long term, low volatility cash flows and appreciating asset values

Assettrust Shared Ownership Bonds

- Ability to access regulated counterparty but in a risk limited, match funded model removing development, sales, operating and basis risks
- LPI “0” fully amortising bonds with 30Y duration and 65Y maturity well suited to match a variety of DB scheme liabilities