# Contents

1. EXECUTIVE SUMMARY ................................................................................................................ 1
2. INTRODUCTION .......................................................................................................................... 1
3. BACKGROUND ............................................................................................................................. 2
4. MISSION .......................................................................................................................................... 3
5. OBJECTIVES AND TARGETS ....................................................................................................... 3
6. COMPANY STRUCTURE AND GOVERNANCE ARRANGEMENTS ........................................... 3
7. OPERATIONS .................................................................................................................................. 5
8. DEVELOPMENT STRATEGY ......................................................................................................... 6
9. FINANCING THE PROPERTY COMPANY .................................................................................. 8
10. FINANCIAL MODEL .................................................................................................................... 8
11. DEVELOPMENT / REFURBISHMENT COSTS ......................................................................... 10
12. TAX AND FINANCIAL SUPPORT .............................................................................................. 10
13. DIVIDENDS .................................................................................................................................... 11
14. CASH RETENTION ...................................................................................................................... 11
15. ASSET VALUATIONS ................................................................................................................... 11
16. FUNDING ........................................................................................................................................ 12
17. DEVELOPERS ............................................................................................................................. 12
18. PROFIT AND LOSS, BALANCE SHEET AND CASHFLOW PROJECTION .............................. 12
19. KEY FINANCIAL PERFORMANCE MEASURES ....................................................................... 13
20. SWOT ANALYSIS ....................................................................................................................... 13
21. CONCLUSION ............................................................................................................................. 14

Annex A ............................................................................................................................................ 16
Annex B ............................................................................................................................................ 17
Annex C ............................................................................................................................................... 35
Annex D ............................................................................................................................................... 36
Annex E ............................................................................................................................................... 37
Annex F ............................................................................................................................................... 42
Annex G ............................................................................................................................................... 43
Annex H ............................................................................................................................................... 44
Annex I ............................................................................................................................................... 45
1. EXECUTIVE SUMMARY

1.1 This document sets out the Business Plan for RBWM Property Company Ltd for the immediate foreseeable future with an emphasis on the next five years. It provides the company’s vision and broad strategic objectives, as well as the financial forecasts that sit behind the Business Plan.

1.2 Broadly, the Business Plan sets out:

- The context and background to the Company.
- The longer term growth strategy of the business.
- The plan for pipeline schemes and scaling of the Company.
- The profit and loss, balance sheet and cashflow of the Company for the next five years.

1.3 The Company has identified opportunities to develop existing Council owned assets with the potential to create up to 138 properties for use as affordable accommodation primarily for ‘key workers’ which has formed the basis of this initial Business Plan.

1.4 The Business Plan demonstrates that through its current projected pipeline RBWM Property Co Ltd will become profitable by year 2 (2017/18), generating a turnover of £230,000 and profit before tax of £113,000, building to a turnover and profit before tax respectively of c£1,500,000 and £674,000 per annum by year 5. In addition this will create an asset base of c £46,640,000.

1.5 The future of the business beyond the fifth year is truly exciting with the potential of adding in excess of 850 homes to the Company’s property portfolio as a result of the Council’s regeneration projects which could boost turnover by £8-10,000,000 per annum, the Company’s asset base by a further £250,000,000 and its profit before tax to c £5,000,000 per annum.

1.6 Key to the Business Plan in its early stages is the transfer of assets from the Council for development and the provision of funding from the Council through S106 monies provided from developers’ contributions to fund the early build and refurbishment programmes.

2. INTRODUCTION

2.1 RBWM Property Company Limited has been created as a dedicated and wholly owned property management and development trading company with the aim of developing a property portfolio that is available primarily to rent within both the affordable and private rental markets, initially within the geographic boundary of the Royal Borough of Windsor and Maidenhead.

2.2 Provision of properties at affordable rents for ‘key workers’ is a priority market. This will provide sustainable long term income and a solid asset
base alongside private rented sector (PRS) units. Consideration will be
given to the provision of other types of accommodation as the Company
develops e.g. shared ownership.

3. BACKGROUND

3.1 In 2013 the Royal Borough of Windsor and Maidenhead decided to refurbish
two Victorian four storey semi-detached houses in Maidenhead Town Centre
(15 – 17 York Road) into flats and to offer them as private lettings though its
trading company Two5Nine Ltd. The properties had previously been used
as accommodation for homeless single parents, (prior to transferring the
service to another location).

3.2 With the increasing attractiveness of the Borough as a result of new rail
connections to London, the major regeneration of sites within and around
Maidenhead, coupled with a general shortage of housing, opportunities exist
to develop the company further. As part of its long term strategic vision, the
Council recognised that in order to build and sustain a vibrant local economy
and ensure it is a town for everyone, it needed to ensure that the supporting
social infrastructure in terms of education, health and housing was in place
to support it. Increasing property values have made it more difficult to attract
and retain those ‘key workers’ such as teachers and social workers that are
necessary to support the community.

3.3 The Royal Borough of Windsor and Maidenhead own a number of buildings
and parcels of land that, due to changes of use or as a result of more
efficient ways of working, have been identified as available for
redevelopment.

3.4 In parallel, the Council is progressing a number of significant regeneration
projects which are being managed and developed in conjunction with
selected partners. Each major regeneration project will potentially provide a
number of properties for the company to manage in the future. This is likely
to include affordable and PRS units.

3.5 As a result of a number of new developments that have taken place within
the Borough over the last few years, the Council has received funds from
developers (s106) to be used for affordable housing, which currently
amounts to £2,600,000 which has remained unspent. It is believed that a
further £300,000 of additional funding may well be received during the
remainder of 2016/17. Legal advice has been provided that suggests that
these funds can be utilised for the refurbishment / development of affordable
housing without breaching state aid provisions.

3.6 In order to reflect its primary focus and aid transparency ‘Two5Nine’
changed its name earlier this year to RBWM Property Company Ltd.
4. **MISSION**

4.1 To support, through development, the Members ambitions to create a Borough for everyone by providing affordable and private rented accommodation for key workers and others requiring housing in the Borough whilst providing an income stream back to the Council that can be re-invested in other services for residents.

5. **OBJECTIVES AND TARGETS**

5.1 The objectives of RBWM Property Company Ltd are:

- To provide good quality affordable and private rented housing throughout the Borough for rental purposes for the use of key workers and others requiring housing.

- To contribute to the general fund through surpluses generated from housing developed and rents received that can be re-invested in services to residents.

- To contribute towards existing and forecast demand for housing both through the development of existing Council owned sites already identified and through development of new Council owned facilities as yet unidentified.

- To remain financially viable and operate efficiently to ensure it receives sufficient rental income to meet all of its costs including financing, housing management, property maintenance and administration.

5.2 The Company has an aspiration to develop 138 properties within five years and thereafter for its portfolio to increase to 1,000 within 10 years from properties being created as a result of the Council’s regeneration activities.

5.3 The Business Plan demonstrates that through its current forecast pipeline, the business will generate profits before tax of c£318,000 by year 3 (2018/19), building to £674,000 by year 5 (2020/21).

6. **COMPANY STRUCTURE AND GOVERNANCE ARRANGEMENTS**

6.1 The development of an arm’s length wholly owned property development and management company allows for a more flexible and commercial response in order to increase or accelerate the delivery of housing supply. The Localism Act introduced a new ‘power of competence’ which has increased the Council’s ability to act innovatively including creating housing/development companies.
6.2 As a company it can determine tenures and rents, build homes and borrow money if required to finance schemes either via the Council or could, if necessary, borrow directly from banks and institutional investors.

6.3 The company is one limited by shares (CLS) which is considered the most appropriate form of vehicle for a number of reasons:

6.4 The Council is the sole shareholder of RBWM Property Company Ltd and has ultimate control of its business activities.

6.5 The Company has been established in accordance with the Companies Act 2006 including the appointment of a Board for the Company. The Memorandum and Articles of Association is in a standard form.

6.6 A sound and robust governance structure of the company is being put in place to protect the Council’s financial and reputational investment in the company. As sole shareholder the Council will appoint the directors, approve the business plan and other key decisions such as additional borrowing beyond those agreed in the Business Plan. These decisions will be taken by Cabinet in line with a formal shareholders agreement with the Property Company. Regular reviews with the shareholders will be undertaken.

6.7 Through the appointment of non-executive directors with appropriate skills and a Chief Executive, the Council is delegating the day to day commercial operation of the business and the delivery of the Business Plan to those individuals within a framework agreed by the Council. This will include:

- Entering into contracts for the refurbishment of existing properties and development of new properties.
- Agreeing the terms of funding.
- Marketing strategy and property lets.
- Management and maintenance arrangements in relation to the properties.
- Rent setting.
- Letting policy.
- Rent arrears and debt recovery.

6.8 The flowchart at Annex A gives an overview of the governance arrangements for RBWM Property Company Ltd. Annex B is a copy of the Company’s Memorandum and Articles of Association and Annex C is the Shareholders’ Protocol Agreement.

6.9 Any loans entered into will be documented within a loan agreement which sets out the deals and the terms of any funding arrangements between the Council and the property company.

6.10 The Council will control the company at a strategic level with Directors tasked with managing the property company within a framework and through delegated authority as set out in the shareholder’s agreement.
6.11 In addition, the Property Company will be governed via a series of operational documents that will be approved by the Council, namely:

- A Business Plan that will cover a rolling 5-year period of investment and activity and outlining the Company’s planned operations. The Business Plan will be reviewed regularly (at least annually) and cover the following:
  
  a) Company objectives  
  b) Governance arrangements  
  c) Operational plans  
  d) Financial models and assumptions  
  e) Rents, sales and development assumptions  
  f) Operational expenses  
  g) Funding profile  
  h) Profit and loss, balance sheet and cash flows

Together with operational policies relating to:

  a) Rent setting  
  b) Letting policy  
  c) Rent arrears  
  d) Other general policies

6.12 The non-Executive Directors of RBWM Property Company Ltd are as follows:

- Russell O'Keefe –Strategic Director of Corporate and Community Services.  
- Rob Stubbs – Head of Finance.  
- Chris Hilton – Director of Regeneration, Development and Property.

With an employed Chief Executive (CEO).

7. OPERATIONS

7.1 An initial staffing structure is included at Annex D and consists of:

- Chief Executive Officer - Interim  
- Project Management Skills to monitor and manage schemes as the programme increases.  
- Communication and Consultation Skills to manage the day to day communication and stakeholder interface.  
- Administrative support on a part time basis.
7.2 With the exception of the Interim CEO these skills will be commissioned as and when required. As the Company grows the staffing requirements will be kept under constant review and further more permanent staff will be likely to needed in the future.

7.3 The Interim CEO will be responsible for all aspects of the development process including negotiations, appraisal, contracting, legal and funding. This will include interaction with third parties including land owners, contractors, consultants etc. There will be an ongoing refurbishment, development and construction programme to oversee and commercial decisions to be made. The individual will work in partnership with both community and private sector organisations.

7.4 Within its first four years, the majority of the staffing costs of the Company are allowed for as capital expenditure.

7.5 The Company’s procurement requirements will include:

- Client representatives/employers agents.
- CDM (Construction Design Management).
- Contractors – including specialists such as asbestos, damp.
- Architects/engineers.

7.6 Once properties are built or purchased they will require on going management, maintenance and a range of landlord services. In order to keep fixed overheads low and variable, it would not be cost effective for the Company to employ its own staff and as such these services will be bought in and be tendered to both a range of Housing Associations and private sector companies within the first year of operation.

7.7 The Property Company is subject to the public contract regulations in relation to procurement where applicable.

7.8 It is proposed that a number of properties that are held by the Council are transferred to the Company once works have been completed.

8. DEVELOPMENT STRATEGY

Social Affordable Housing

8.1 RBWM Property Company’s primary initial focus is helping deliver, and manage, the Council’s affordable housing programme, primarily utilising Council owned assets or as a beneficiary of its major development programmes.

Shared Ownership

8.2 The high housing costs of owner occupation in the Royal Borough means that for economically active people with limited means, shared ownership
may be an attractive route into owner occupation. In the current market, it
could provide the Company with an attractive early capital injection in first tranche sales immediately, giving a return to reinvest in more affordable housing whilst providing a rental income on the unsold equity.

8.3 Shared ownership schemes are currently provided by housing associations and this Business Plan has not factored in any shared ownership or asset sales in the first five years.

8.4 When taking into account inflation and combined rental and future staircasing income, shared ownership could provide a further useful long term income stream and asset base with which to support future business. This will be explored further as part of the progression of the Business Plan.

Rental Sales

8.5 The current state of the housing market could make some limited private sale opportunities attractive in order to help cross subsidise affordable housing. Any such proposal would need to be carefully evaluated given that a sale of any existing asset would not necessarily allow sufficient funds to be generated to allow for replacement or growth of the portfolio and merely represent a ‘one off’ capital gain that would be subject to taxation.

Private Rented Sector (PRS)

8.6 High house sales locally provide opportunities around building up a portfolio of private rented stock. Shared ownership will help some of those renting to buy, but evidence is that the PRS sector will continue to be an important part of the UK housing market.

8.7 The PRS market provides higher rents and yields than from the affordable market and while the initial focus will be primarily on affordable rents, over time, the Company is likely to have a mixture of affordable and PRS units.

8.8 Buying properties and land to develop and rent in the ‘open market’ locally would be both expensive and capital intensive and given the Council’s land and asset base, this will not be an initial priority area.

Empty Homes List

8.9 Whilst it is believed there are in excess of 500 homes on the empty homes list at present, any acquisition would need to be at market value. Given the cost of property in the area the Company would need to consider any purchase carefully given that it is unlikely to provide a sufficient return if used for affordable purposes.

8.10 As such, the Company’s aims are to develop the Council’s assets and use S106 funding, developers’ capital and loan funding from the Council to create its portfolio and retain it for the long term in order to generate a recurring income.
9. **FINANCING THE PROPERTY COMPANY**

9.1 The business case is predicated on the basis that the property company is funded in part by S106 monies to be used for affordable housing purposes and loans obtained via the Council.

9.2 Financial modelling for the Company has been predicated on there being no overall cost to the Council over the life of the Business Plan and for profits and dividends to be generated.

9.3 The funding provided by the Council to the property company is in three parts initially:

- The first part covering the purchase of York Road flats for £1,250,000 and the ‘start up’ loan of £200,000 will be as a loan on which the property company will pay interest to the Council.

- The second part requires the use of S106 monies allocated for the use of affordable housing to allow the Council to refurbish properties where no VAT exemption applies (in order for VAT to be recovered) prior to the transfer of the property to the Company for letting purposes.

- Part 3 is the potential provision of a further loan of c.£5,000,000, subject to the necessary approvals, for the possible future development opportunities.

9.4 A portion of the principal amount of the loan will be repaid annually and for the loan to be repaid in full. The term of the loan is set to ensure that this is achievable and allows the Company sufficient ‘headroom’ in its cash management to make a profit and to pay out dividends.

9.5 The loan interest rate charged by the Council takes into account the need to ensure it is a commercial rate and therefore avoid any potential state aid provisions being triggered.

10. **FINANCIAL MODEL**

10.1 In order to ensure that the RBWM Property Company Ltd business is sustainable, the financial projections in the Business Plan will be closely and regularly monitored. There are a set of core assumptions applied to the model which are based upon prevailing market conditions, judgements based on comparators and industry wide standards or norms.

10.2 These core assumptions are as follows:

10.2.1 Opening year of model – the opening year (Year 1) of the model is 2015/16. This model assumes any principal loans will be for a 45 year period and enables cash flows to be forecast over the period but initially for the first 5 year development period. The loan period is similar to the funding
arrangements of a number of other Local Authority arm’s length housing development companies, e.g. Sutton Living.

10.2.2 The rate of interest fixed for the term of the loan and based on 4.25% on a reducing balance provides a rate of return for the Council through whom money is funded of 1.94% over the PWLB published rate of 2.31% for a 45 year fixed interest loan as at September 2016. Capital costs will be repaid on a straight line basis over a 45 year period.

10.2.3 It is proposed that loans made prior to April 2017 are repaid on an interest only basis for the first two years of the plan to aid cashflow and thereafter all loans will be repaid on a full repayment basis.

10.2.4 Voids / bad debts losses – this has been assumed at 5% for affordable rented and shared ownership schemes which is in line with other local authority development companies such as Sutton Living.

10.2.5 Management and lettings administration costs have been assumed as 7% of total rental costs in line with current fees for the York Road flats.

10.2.6 Lifestyle allowances – these are assumed at £1,000 per dwelling per annum (inclusive of VAT) for major elemental repairs (ie outside of day to day and cyclical maintenance costs such as redecoration etc) with each property being refurbished in or around the 6th year after development. In practice, some of these funds may not be needed initially but the equivalent sum should be set aside into an appropriate repairs reserve.

10.2.7 Maintenance costs – an amount of £500 per unit per annum (inclusive of VAT) has been set aside for cyclical testing and minor repairs costs.

10.2.8 Insurance costs – allowance has been made within the model for building insurance to cover rebuild costs.

10.2.9 Rent assumptions – as set out elsewhere in the Business Plan, RBWM Property Company Ltd will principally be focused on provided homes for ‘key workers’ for which a waiting list currently exists. The majority of the dwellings will be two bedroom apartments although there will be a small number of bedsits, one bedroom units together with three bedroom starter homes. Current market rents are set out in the table below:

<table>
<thead>
<tr>
<th>Type</th>
<th>Market Rent pcm</th>
<th>Affordable Rent pcm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Room</td>
<td>£375</td>
<td>£300</td>
</tr>
<tr>
<td>1 bed</td>
<td>£900</td>
<td>£720</td>
</tr>
<tr>
<td>2 bed</td>
<td>£1100</td>
<td>£880</td>
</tr>
<tr>
<td>3 bed</td>
<td>£1480</td>
<td>£1184</td>
</tr>
<tr>
<td>4 bed</td>
<td>£1850</td>
<td>£1480</td>
</tr>
</tbody>
</table>

10.2.10 The current assumption is that affordable rents will be set at 80% of the market rent and that the average unit rental will be £850 - £900 pcm which is in line with current Housing Association rents. The Company would grant
tenancies under the Assured Tenancy Regime of the Housing Act 1988. These will take the form of either periodic (‘rolling’) tenancies or assured shorthold tenancies (which are for a fixed term ie a minimum of six months), or such other longer periods as agreed by the landlord and tenant. Secure tenancies under the Housing Act 1988 cannot be granted by the Company.

10.2.11 Inflation – given the change in the Consumer Price Index over the last 12 months of just 0.6% (year to July 2016), the Bank of England is forecasting that CPI inflation will increase to 0.8% in Q3 of 2016 rising to 1.9% in Q3 of 2017 and 2.4% of Q3 in 2018 and holding. At present all cost and income including rents are assumed to increase by 2% pa as from April 2017.

11. DEVELOPMENT / REFURBISHMENT COSTS

11.1 Assumptions have been made for the development / refurbishment costs for the different schemes based on industry bench marks, contractual estimates, soft market testing and local knowledge/research.

11.2 In addition to the main acquisition and construction costs allowances for fees including architects, planning and other specialist services are included in the estimated costs.

12. TAX AND FINANCIAL SUPPORT

12.1 RBWM Property Company Ltd will be subject to various different taxation regimes, including Stamp Duty Land Tax (SDLT), Corporation Tax and VAT.

12.2 SDLT has been built into the model based on current thresholds and chargeable on relevant acquisitions at the appropriate rate. As the Council is a Local Authority, group relief should be available on the purchase of land. This means that no SDLT should be chargeable whether land was sold or gifted.

12.3 Corporation Tax has also been included in the model at the current rate of 20% and is chargeable on relevant surpluses after deducting allowable costs including loan interest. The model also reflects the proposed changes announced in the summer Budget of 2015 and the 2016 Budget with rates reducing to 17% as from 1st April 2020.

12.4 No provision has been made for capital gains tax as it is not envisaged that this will apply as the Company will not be disposing of assets.

12.5 Whilst certain types of construction activity are zero exempt or subject to a 5% exemption, it is envisaged that initially any works will be undertaken by the Council.

12.6 Although it is the intention to register the Company for VAT it is not envisaged that the Company will be able to recover all of the VAT that it
incurs on the purchase of goods and services. An allowance has been made for VAT payments within the cash flow model.

12.7 The Company will obtain appropriate external advice with regard to its tax affairs.

12.8 The Company will be self-sufficient and supporting with its own distinct bank account and locally appointed auditors and accountants.

13. DIVIDENDS

13.1 It is envisaged that any surplus funds/profits will be paid to shareholders through the use of Dividends.

13.2 Any cash sums available for Dividends will be affected by any loan repayments and taxation and the amount of cash to be retained by the Company for ongoing business requirements and re-investment. The Council as shareholders will give the Company a steer in terms of their aspirations for dividends. Formally each year BWM Property Company Ltd will recommend to the shareholder the level of Dividend which is currently projected to be in the region of 70% as a minimum of post-tax profits.

14. CASH RETENTION

14.1 In order to ensure that the Company has sufficient funds in place to meet its day to day obligations, a minimum amount of cash equivalent to 30% of post-tax profits, will be retained at all times after the initial two year period. In addition, the allowance for any repair/refurbishment costs will be held in a separate reserve account and used as required.

15. ASSET VALUATIONS

15.1 It is envisaged that all the identified Council owned properties that have redevelopment potential as shown in Annex E are transferred to RBWM Property Company at a ‘peppercorn value’ and subsequently revalued at market rates to reflect the enhanced value as a result of the refurbishment and representing their investment income potential.

15.2 Given that the properties are to be used for key worker/affordable housing purposes and that s106 monies are to be used in their development, based on advice, ‘state aid’ rules are not being breached, although formal approval from DCLG is required and will be sought. Appropriate legal advice has been taken on this matter and is attached at Annex F.

15.3 Revaluations of the asset base will be undertaken at market rates on a 3 year cycle to reflect market conditions or more frequently depending on cost.
16. **FUNDING**

16.1 The initial development programme of 138 units is funded over a five year period. In order for the Company to purchase, invest in and refurbish the properties it needs to be well funded initially. The Company already services interest payments relating to a loan of £1,250,000 for the purchase of the York Road flats. In addition, a further loan of £200,000 was provided in early 2016 as ‘seed funding’ to kick-start the focused development of the property company and refurbishment of Vansittart Road, Windsor. Within the Council there is currently £2,600,000 of s106 monies which it is proposed to use on the refurbishment and purchase of those sites identified within Annex E.

16.2 It is envisaged that a further £5,000,000 of borrowing from the Council will be required to fund the business of which approximately £250,000 will be used for working capital purposes and the remainder for future development opportunities (where 75 new units will be created). Based on the assumptions within the model, the assumed level of borrowing of £6,450,000 peaks in year 4 (2019/20).

16.3 In order to ensure the Company has sufficient cash flow to meet operational needs and provide for future capital, interest and dividend payment any loans made prior to 2017 will be repaid on an interest only basis for the first two years and thereafter all loans will be repaid on a full repayment basis. In addition, in order to allow for the repayment of any loans (both capital and interest), from projected cash flows, whilst also ensuring that the Company makes a reasonable rate of return, it is proposed that any loan is repayable over a 45 year term (which is consistent with other local authority arm’s length housing development companies, such as Sutton Living).

17. **DEVELOPERS**

17.1 Beyond year 5, significant additional properties will be provided to the Company as a result of the Council working with companies to develop land areas for regeneration purposes. It is envisaged that the future development of Maidenhead Golf Course will generate a significant number of properties to be let through RBWM Property Company Ltd. These opportunities have not been factored into the medium term plan at this stage. The plan will be reviewed regularly and updated as other projects progress.

18. **PROFIT AND LOSS, BALANCE SHEET AND CASHFLOW PROJECTION**

18.1 Financial projections over the medium term (5 years) have been provided at Annex G, H and I reflecting the assumptions made within this Business Plan.

18.2 The financial models show that based on the assumptions used, the business is profitable, has a high asset value and that the cash flow can be sustained and provides for payment of all operational costs, taxes and dividends.
19. **KEY FINANCIAL PERFORMANCE MEASURES**

19.1 It is proposed to use a variety of measures to measure the financial health of the Company, namely:

19.1.1 Rental yield of which there are two typical measures, gross and net. The latter takes out expenses (management and maintenance costs, debt charges). Net yield being calculated as rent – expenses / house price. Given the fact that the initial estate is being rented primarily on an affordable basis (i.e. below market rents) and the assets are being valued at market levels, yields will be lower than typical industry norms. The anticipated net yield for the Company will be in the region of 3%.

19.1.2 Return on capital employed which looks at the profit against the combined equity and debt capital invested in the Company. This is regarded as a good measure of the business as it looks at how effectively debt is being used and is calculated as earnings before interest and tax (debit) / Assets – Liabilities (non-current) with a target of 15% plus by year 5.

19.1.3 Price to earnings ratio, which is a commonly used measure in commercial finance in relation to share value which is relation to rented housing is calculated as the increase of the yield calculated as: House price / rent-expenses which theoretically indicates how much investors should be willing to pay per pound of earnings.

19.1.4 Profitability (profit on cost – POC) which demonstrates the profit of the business over its cost.

19.1.5 Investor Dividend per Share – which will provide the shareholder value per share and demonstrate its growth value.

20. **SWOT ANALYSIS**

20.1 The following is a summary of the key strengths, weaknesses, opportunities and threats to RBWM Property Company Ltd:

**Strengths:**

- Ability to secure funding at competitive rates.
- Council support
- Initial funding of £2,600,000 from s106 funding for the development of affordable/key worker accommodation.
- A number of available Council owned buildings/sites available for refurbishment/redevelopment.
- Council plans to work with developers to maximise land bank opportunities and provide properties for the Company to use as affordable housing.
- A development key worker accommodation process and an initial base/list of 50 + applicants.
Weaknesses:

- Timescales for planning, development and construction before significant number of homes available.

Opportunities:

- Increase of affordable housing within the Borough.
- Income generation for the General Fund.
- Increased service resilience in hard to recruit to service area
- Support for local people to rent or buy a home.
- Increase in the value of the Council’s asset base.

Threats:

- Any future government change in the view of council companies / prudential borrowing.
- Downturn in economy – fall in market rents and house prices.
- Increase in interest rates.
- Sustained low period of inflation.
- Legal challenge over ‘state aid’.

20.2 In response to the above, it is believed that the Company is well positioned over the next 5 years and can manage any significant market downturn in that it:

- has a relatively low borrowing requirement;
- has a high value asset base;
- has a low fixed cost management structure;
- has a high projected levels of profitability;
- can fix interest rates for longer term loans;

which would give sufficient protection against marked changes in property prices and a fall in rental income or utilisation of 30 – 40%.

21. CONCLUSION

21.1 Through the effective development and operation of RBWM Property Services Company Ltd, the Council has the opportunity to stimulate the development of affordable housing throughout the Borough to support economic growth and generate surpluses that can be used for the benefit of the Council and residents in future years.

21.2 Whilst the financial elements of this Business Plan over the coming 5 years are based on 10 areas of work, there is no certainty that all will proceed. The backdrop of changing government policy on housing, the Company will
need to monitor alongside other factors and risks including changes in the local government / property market and wider economic changes in interest rates and inflation.

21.3 RBWM Property Company Ltd provides an additional route to improve the local housing position within the Borough. This Business Plan sets out the framework that will provide the Council the opportunity to support housing development and creation within the Borough, particularly for 'key workers' and secure additional income in the medium to longer term from dividends that the Council can use to invest in services to residents.
GOVERNANCE ARRANGEMENTS

Council

Shareholder Committee

RBWM Property Company Ltd

Members as determined by the Council

Managing Director, RBWM

Board meetings escalated to Shareholder Committee in line with Shareholder / Protocol Agreement
MEMORANDUM AND ARTICLES OF ASSOCIATION

APPENDIX B

THE COMPANIES ACT 2006

A PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION OF

TWO 5 NINE LIMITED

INDEX TO THE ARTICLES

PART 1

INTERPRETATION AND LIMITATION OF LIABILITY

1. Defined terms
2. Liability of members

PART 2

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

3. Directors' general authority
4. Shareholders' reserve power
5. Directors may delegate
6. Committees

DECISION-MAKING BY DIRECTORS

7. Directors to take decisions collectively
8. Unanimous decisions
9. Calling a directors' meeting
10. Participation in directors' meetings
11. Quorum for directors' meetings
12. Chairing of directors' meetings
13. Casting vote
14. Conflicts of interest
15. Records of decisions to be kept
16. Directors' discretion to make further rules

APPOINTMENT OF DIRECTORS

17. Methods of appointing directors
18. Termination of director's appointment
19. Directors' remuneration
20. Directors' expenses
PART 3
SHARES AND DISTRIBUTIONS

SHARES

21. All shares to be fully paid up
22. Powers to issue different classes of share
23. Company not bound by less than absolute interests
24. Share certificates
25. Replacement share certificates
26. Share transfers
27. Transmission of shares
28. Exercise of transmitters' rights
29. Transmitters bound by prior notices

DIVIDENDS AND OTHER DISTRIBUTIONS

30. Procedure for declaring dividends
31. Payment of dividends and other distributions
32. No interest on distributions
33. Unclaimed distributions
34. Non-cash distributions
35. Waiver of distributions

CAPITALISATION OF PROFITS

36. Authority to capitalise and appropriation of capitalised sums

PART 4
DECISION-MAKING BY SHAREHOLDERS

ORGANISATION OF GENERAL MEETINGS

37. Attendance and speaking at general meetings
38. Quorum for general meetings
39. Chairing general meetings
40. Attendance and speaking by directors and non-shareholders
41. Adjournment

VOTING AT GENERAL MEETINGS

42. Voting: general
43. Errors and disputes
44. Poll votes
45. Content of proxy notices
46. Delivery of proxy notices
47. Amendments to resolutions

PART 5
ADMINISTRATIVE ARRANGEMENTS

48. Means of communication to be used
49. Company seals
50. No right to inspect accounts and other records
51. Provision for employees on cessation of business

DIRECTORS' INDEMNITY AND INSURANCE

Indemnity
Insurance
PART 1
INTERPRETATION AND LIMITATION OF LIABILITY

Defined terms
1. In the articles, unless the context requires otherwise—
"articles" means the company's articles of association;
"bankruptcy" includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;
"chairman" has the meaning given in article 12;
"chairman of the meeting" has the meaning given in article 39;
"Companies Acts" means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;
"director" means a director of the company, and includes any person occupying the position of director, by whatever name called;
"distribution recipient" has the meaning given in article 31;
"document" includes, unless otherwise specified, any document sent or supplied in electronic form;
"electronic form" has the meaning given in section 1168 of the Companies Act 2006; "fully paid" in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;
"hard copy form" has the meaning given in section 1168 of the Companies Act 2006;
"holder" in relation to shares means the person whose name is entered in the register of members as the holder of the shares;
"instrument" means a document in hard copy form;
"ordinary resolution" has the meaning given in section 282 of the Companies Act 2006;
"paid" means paid or credited as paid;
"participate", in relation to a directors' meeting, has the meaning given in article 10;
"proxy notice" has the meaning given in article 45;
"shareholder" means a person who is the holder of a share;
"shares" means shares in the company;
"special resolution" has the meaning given in section 283 of the Companies Act 2006;
"subsidiary" has the meaning given in section 1159 of the Companies Act 2006;
"transmittee" means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and
"writing" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company.

Liability of members

2. The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

PART 2
DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES Directors'

general authority

3. Subject to the articles, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.

Shareholders' reserve power

4.—(1) The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.
   (2) No such special resolution invalidates anything which the directors have done before the passing of the resolution.

Directors may delegate

5. __________ (1) Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles
   (a) to such person or committee;
   (b) by such means (including by power of attorney);
   (c) to such an extent;
   (d) in relation to such matters or territories; and
   (e) on such terms and conditions; as they think fit.
   (2) If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.
   (3) The directors may revoke any delegation in whole or part, or alter its terms and conditions.
DECISION-MAKING BY DIRECTORS

Directors to take decisions collectively

7. (1) The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8.
   (2) If
   (a) the company only has one director, and
   (b) no provision of the articles requires it to have more than one director, the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

Unanimous decisions

8. (1) A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.
   (2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.
   (3) References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.
   (4) A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

Calling a directors' meeting

9. (1) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.
   (2) Notice of any directors' meeting must indicate
       (a) its proposed date and time;
       (b) where it is to take place; and
       (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
   (3) Notice of a directors' meeting must be given to each director, but need not be in writing.
   (4) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

Participation in directors' meetings

10.—(1) Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when
       (a) the meeting has been called and takes place in accordance with the articles, and
       (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
   (2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
   (3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.
Quorum for directors' meetings

11.—(1) At a directors’ meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
(2) The quorum for directors’ meetings may be fixed from time to time by a decision of the directors, but it must never be less than three, and unless otherwise fixed it is three.
(3) If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision
   (a) to appoint further directors, or
   (b) to call a general meeting so as to enable the shareholders to appoint further directors.

Chairing of directors’ meetings

12. (1) The directors may appoint a director to chair their meetings.
(2) The person so appointed for the time being is known as the chairman.
(3) The directors may terminate the chairman’s appointment at any time.
(4) If the chairman is not participating in a directors’ meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

Casting vote

13. (1) If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.
(2) But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.
Conflicts of interest

14.—(1) If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes.

(2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in the decision-making process for quorum and voting purposes.

(3) This paragraph applies when

(a) the company by ordinary resolution disapproves the provision of the articles which would otherwise prevent a director from being counted as participating in the decision-making process;

(b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or

(c) the director's conflict of interest arises from a permitted cause.

(4) For the purposes of this article, the following are permitted causes

(a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries;

(b) subscription, or an agreement to subscribe, for shares or other securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and

(c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors.

(5) For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.

(6) Subject to paragraph (7), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.

(7) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

Records of decisions to be kept

15. The directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

Directors' discretion to make further rules

16. Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.
Methods of appointing directors

17. (1) Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director—
   (a) by ordinary resolution, or
   (b) by a decision of the directors.
(2) In any case where, as a result of death, the company has no shareholders and no directors, the personal representatives of the last shareholder to have died have the right, by notice in writing, to appoint a person to be a director.
(3) For the purposes of paragraph (2), where 2 or more shareholders die in circumstances rendering it uncertain who was the last to die, a younger shareholder is deemed to have survived an older shareholder.

Termination of director's appointment

18. A person ceases to be a director as soon as
   (a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
   (b) a bankruptcy order is made against that person;
   (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
   (d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
   (e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
   (f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

Directors' remuneration

19.—(1) Directors may undertake any services for the company that the directors decide.
   (2) Directors are entitled to such remuneration as the directors determine
      (a) for their services to the company as directors, and
      (b) for any other service which they undertake for the company.
   (3) Subject to the articles, a director's remuneration may
      (a) take any form, and
      (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.
   (4) Unless the directors decide otherwise, directors' remuneration accrues from day to day.
   (5) Unless the directors decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested.

Directors' expenses

20. The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at
   (a) meetings of directors or committees of directors,
   (b) general meetings, or
(c) separate meetings of the holders of any class of shares or of debentures of the company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

PART 3
SHARES AND DISTRIBUTIONS
SHARES

All shares to be fully paid up

21. (1) No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the company in consideration for its issue.
(2) This does not apply to shares taken on the formation of the company by the subscribers to the company's memorandum.

Powers to issue different classes of share

22. (1) Subject to the articles, but without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as may be determined by ordinary resolution.
(2) The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

Company not bound by less than absolute interests

23. Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the articles, the company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

Share certificates

24. (1) The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.
(2) Every certificate must specify—
   (a) in respect of how many shares, of what class, it is issued;
   (b) the nominal value of those shares;
   (c) that the shares are fully paid; and
   (d) any distinguishing numbers assigned to them.
(3) No certificate may be issued in respect of shares of more than one class.
(4) If more than one person holds a share, only one certificate may be issued in respect of it
(5) Certificates must
   (a) have affixed to them the company's common seal, or
   (b) be otherwise executed in accordance with the Companies Acts.

Replacement share certificates

25. (1) If a certificate issued in respect of a shareholder's shares is
(a) damaged or defaced, or
(b) said to be lost, stolen or destroyed, that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

(2) A shareholder exercising the right to be issued with such a replacement certificate—
   (a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
   (b) must return the certificate which is to be replaced to the company if it is damaged or defaced; and
   (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

Share transfers

26. (1) Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor.
   (2) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
   (3) The company may retain any instrument of transfer which is registered.
   (4) The transferor remains the holder of a share until the transferee’s name is entered in the register of members as holder of it
   (5) The directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

Transmission of shares

27. (1) If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share.
   (2) A transmittee who produces such evidence of entitlement to shares as the directors may properly require
      (a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and
      (b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
   (3) But transmitters do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder’s death or bankruptcy or otherwise, unless they become the holders of those shares.

Exercise of transmitters’ rights

28.—(1) Transmitters who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish.
   (2) If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
   (3) Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

Transmitters bound by prior notices

29. If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee’s name has been entered in the register of members.
DIVIDENDS AND OTHER DISTRIBUTIONS

Procedure for declaring dividends

30.—(1) The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
(2) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
(3) No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
(4) Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
(5) If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
(6) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
(7) If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

Payment of dividends and other distributions

31.—(1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means
   (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
   (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;
   (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or
   (d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.
(2) In the articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable—
   (a) the holder of the share; or
   (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
   (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmitee.

No interest on distributions

32. The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by—
   (a) the terms on which the share was issued, or
   (b) the provisions of another agreement between the holder of that share and the company.
Unclaimed distributions

33. (1) All dividends or other sums which are
(a) payable in respect of shares, and
(b) unclaimed after having been declared or become payable,
may be invested or otherwise made use of by the directors for the benefit of the company
until claimed.
(2) The payment of any such dividend or other sum into a separate account does not make the
company a trustee in respect of it.
(3) If
(a) twelve years have passed from the date on which a dividend or other sum became due
for payment, and
(b) the distribution recipient has not claimed it,
the distribution recipient is no longer entitled to that dividend or other sum and it ceases to
remain owing by the company.

Non-cash distributions

34. (1) Subject to the terms of issue of the share in question, the company may, by ordinary
resolution on the recommendation of the directors, decide to pay all or part of a dividend or
other distribution payable in respect of a share by transferring non-cash assets of equivalent
value (including, without limitation, shares or other securities in any company).
(2) For the purposes of paying a non-cash distribution, the directors may make whatever
arrangements they think fit, including, where any difficulty arises regarding the
distribution—
(a) fixing the value of any assets;
(b) paying cash to any distribution recipient on the basis of that value in order to adjust the
rights of recipients; and
(c) vesting any assets in trustees.

Waiver of distributions

35. Distribution recipients may waive their entitlement to a dividend or other distribution
payable in respect of a share by giving the company notice in writing to that effect, but if—
(a) the share has more than one holder, or
(b) more than one person is entitled to the share, whether by reason of the death or
bankruptcy of one or more joint holders, or otherwise,
the notice is not effective unless it is expressed to be given, and signed, by all the holders or
persons otherwise entitled to the share.

CAPITALISATION OF PROFITS

Authority to capitalise and appropriation of capitalised sums

36.—(1) Subject to the articles, the directors may, if they are so authorised by an ordinary
resolution—
(a) decide to capitalise any profits of the company (whether or not they are available for
distribution) which are not required for paying a preferential dividend, or any sum
standing to the credit of the company's share premium account or capital redemption
reserve; and
(b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

(2) Capitalised sums must be applied
(a) on behalf of the persons entitled, and
(b) in the same proportions as a dividend would have been distributed to them.

(3) Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct

(4) A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct.

(5) Subject to the articles the directors may
(a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;
(b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and
(c) authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

PART 4
DECISION-MAKING BY SHAREHOLDERS
ORGANISATION OF GENERAL MEETINGS

Attendance and speaking at general meetings

37. (1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

(2) A person is able to exercise the right to vote at a general meeting when
(a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
(b) that person’s vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

(3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it

(4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

(5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

Quorum for general meetings

38. No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.
Chairing general meetings

39.—(1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.
(2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start—
   (a) the directors present, or
   (b) (if no directors are present), the meeting,
must appoint a director or shareholder to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.
(3) The person chairing a meeting in accordance with this article is referred to as "the chairman of the meeting".

Attendance and speaking by directors and non-shareholders

40. (1) Directors may attend and speak at general meetings, whether or not they are shareholders.
(2) The chairman of the meeting may permit other persons who are not
   (a) shareholders of the company, or
   (b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,
to attend and speak at a general meeting.

Adjournment

41. (1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.
(2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if
   (a) the meeting consents to an adjournment, or
   (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
(3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.
(4) When adjourning a general meeting, the chairman of the meeting must—
   (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and
   (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
(5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days’ notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)
   (a) to the same persons to whom notice of the company’s general meetings is required to be given, and
   (b) containing the same information which such notice is required to contain.
(6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.
VOTING AT GENERAL MEETINGS

Voting: general

42. A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

Errors and disputes

43. (1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
(2) Any such objection must be referred to the chairman of the meeting, whose decision is final.

Amendments to resolutions

44. (1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if
   (a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and
   (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.
(2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if
   (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
   (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
(3) If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman’s error does not invalidate the vote on that resolution.

PART 5

ADMINISTRATIVE ARRANGEMENTS

Means of communication to be used

45. (1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.
(2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
(3) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.
Company seals

49.—(1) Any common seal may only be used by the authority of the directors.
(2) The directors may decide by what means and in what form any common seal is to be used.
(3) Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
(4) For the purposes of this article, an authorised person is
   (a) any director of the company;
   (b) the company secretary (if any); or
   (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

No right to inspect accounts and other records

47. Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a shareholder.

 Provision for employees on cessation of business

48. The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

DIRECTORS’ INDEMNITY AND INSURANCE

Indemnity

49.—(1) Subject to paragraph (2), a relevant director of the company or an associated company may be indemnified out of the company’s assets against
   (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,
   (b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
   (c) any other liability incurred by that director as an officer of the company or an associated company.
(2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.
(3) In this article—
   (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
   (b) a "relevant director" means any director or former director of the company or an associated company.

Insurance

50.____ (1) The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.
(2) In this article
(a) a "relevant director" means any director or former director of the company or an associated company,
(b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company, and
(c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.
Annex C

SHAREHOLDERS’ PROTOCOL AGREEMENT

See separate document.
1 Interim CEO

2 Communications & Consultation

3 Office Support / Administration

4 Project Manager

1 Initial appointments (interim + agency before permanent).

2 Communications and Consultation Co-ordinator skills required when projects increase.

3 Office Support / Administration – part time support.

4 Project Manager – interim funded from capital and initially covered by Director in start-up phase. Flexible resource brought in on a project by project basis as required.
## THE ESTATE

<table>
<thead>
<tr>
<th>Potential availability date</th>
<th>Description</th>
<th>Use</th>
<th>Current Balance Sheet Valuation</th>
<th>Redevelopment Cost</th>
<th>Value after Development</th>
<th>Max affordable Rental income</th>
<th>Source of Funds</th>
<th>Approval Date</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>Vansittart Road, Windsor Ex Caretakers House</td>
<td>Multiple Occupancy</td>
<td>£550,000</td>
<td>£100,000</td>
<td>£650,000</td>
<td>£10,800</td>
<td>Loan (in place)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complete</td>
<td>Hampden Road Flat above retail unit</td>
<td>Multiple Occupancy</td>
<td>N/A</td>
<td>-</td>
<td>£300,000</td>
<td>£10,500</td>
<td>Fully funded</td>
<td></td>
<td>Not separately valued-This is part of a shop parade-value of entire parade £760,000</td>
</tr>
<tr>
<td>2017</td>
<td>16 Ray Mill Road East, (The House training facility)</td>
<td>4 flats</td>
<td>N/A</td>
<td>£200,000</td>
<td>£1,163,636</td>
<td>£40,800</td>
<td>S106</td>
<td></td>
<td>Not separately valued-Valuation includes land that was sold for development-value of land and property £3,978,000</td>
</tr>
<tr>
<td>2017</td>
<td>18 – 20 Ray Mill Road East (The Family Centre)</td>
<td>7 flats</td>
<td>N/A</td>
<td>£400,000</td>
<td>£2,036,363</td>
<td>£71,400</td>
<td>S106</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potential availability date</td>
<td>Description</td>
<td>Use</td>
<td>Current Balance Sheet Valuation</td>
<td>Redevelopment Cost</td>
<td>Value after Development</td>
<td>Max affordable Rental income</td>
<td>Source of Funds</td>
<td>Approval Date</td>
<td>Comments</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>----------</td>
<td>---------------------------------</td>
<td>--------------------</td>
<td>------------------------</td>
<td>------------------------------</td>
<td>-----------------</td>
<td>---------------</td>
<td>----------</td>
</tr>
<tr>
<td>2017</td>
<td>The Brocket, Maidenhead Former PRU, listed building, parking restriction, limited alternative use – subject to further formal decision from the Council</td>
<td>6 flats</td>
<td>£1,000,000</td>
<td>£495,000</td>
<td>£2,300,000</td>
<td>£66,000</td>
<td>S106</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complete (Re-developed 2014)</td>
<td>York Road, Maidenhead Flats</td>
<td>8 flats</td>
<td>£1,245,000</td>
<td>£1,245,000</td>
<td>£2,400,000</td>
<td>£82,000</td>
<td>Loan (in place)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>Station Road, Wraysbury Private land sale</td>
<td>5 units</td>
<td>Not Council owned</td>
<td>£500,000</td>
<td>£1,500,000</td>
<td>£51,000</td>
<td>Self funded / S106</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017 – onwards</td>
<td>School Caretaker Properties</td>
<td>7 units</td>
<td>£2,041,000</td>
<td>£730,000</td>
<td>£2,041,000</td>
<td>£43,100</td>
<td>S106 / Loan (subject to business case approval)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The redevelopment costs are a provision only for potential improvements that will increase the asset value. Any redevelopment can only be fully assessed once the tenants vacate. Rental does not reflect the affordable rates but is an assumed rate for caretakers in residence.
<table>
<thead>
<tr>
<th>Potential availability date</th>
<th>Description</th>
<th>Use</th>
<th>Current Balance Sheet Valuation</th>
<th>Redevelopment Cost</th>
<th>Value after Development</th>
<th>Max affordable Rental income</th>
<th>Source of Funds</th>
<th>Approval Date</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-2020</td>
<td>Future development opportunities</td>
<td>78 units</td>
<td>£6,248,572</td>
<td>£5,350,000</td>
<td>£27,250,000</td>
<td>£840,600</td>
<td>S106 / Loan (subject to business case approval)</td>
<td></td>
<td>It is assumed some of the funding could also utilise the S106 budget as it will be creating affordable units.</td>
</tr>
<tr>
<td>2020</td>
<td>Ray Mill Road East Land sold to developer</td>
<td>20 units</td>
<td>N/A</td>
<td>-</td>
<td>£7,000,000</td>
<td>£204,000</td>
<td>Developer Funding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td>138 units</td>
<td>£11,406,572</td>
<td>£9,020,000</td>
<td>£46,640,999</td>
<td>£1,420,200</td>
<td></td>
<td></td>
<td>The redevelopment costs will be funded as follows: c£2.9m of S106 funding, £1.45m of existing agreed loans and £4.7m of new borrowing.</td>
</tr>
</tbody>
</table>
## PROPERTY STATUS

<table>
<thead>
<tr>
<th>Property</th>
<th>Status</th>
<th>Budget</th>
<th>Alternatives</th>
<th>Current Balance Sheet Value</th>
<th>Transfer Status</th>
<th>Availability Date</th>
<th>Risk</th>
<th>Approval Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>99 Vansittart Road</td>
<td>Ex Caretaker House (3 bed). Vacant. Planning permission to extend granted. HMO – key workers</td>
<td>None</td>
<td>Yes (Budget provided)</td>
<td>None considered</td>
<td>£550,000</td>
<td>Transfer at undervalue on works completion</td>
<td>December 2016</td>
<td>None</td>
</tr>
<tr>
<td>Hampden Road</td>
<td>3 bed flat recently refurbished Key worker</td>
<td>None</td>
<td>None required</td>
<td>None considered</td>
<td>N/A</td>
<td>Transfer at undervalue</td>
<td>September 2016</td>
<td>None</td>
</tr>
<tr>
<td>RMRE (Family Centre &amp; The House)</td>
<td>House vacant. Family centre being relocated. Planning permission submitted. 11 flats</td>
<td>No (S106 monies)</td>
<td>None considered</td>
<td>N/A</td>
<td>Transfer at undervalue on works completion</td>
<td>April – June 2017</td>
<td>Planning not granted, modified or appealed</td>
<td></td>
</tr>
<tr>
<td>The Brocket</td>
<td>Grade II listed former PRU feasibility study complete. Proposed conversion. 6 flats</td>
<td>No (S106 monies)</td>
<td>Mixed use registry, offices, flats, conservation, parking and location issues</td>
<td>£1,000,000</td>
<td>Transfer of works completion at undervalue</td>
<td>April – June 2017</td>
<td>Planning not granted, proposed use changed</td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>Status</td>
<td>Budget</td>
<td>Alternatives</td>
<td>Current Balance Sheet Value</td>
<td>Transfer Status</td>
<td>Availability Date</td>
<td>Risk</td>
<td>Approval Date</td>
</tr>
<tr>
<td>--------------------------</td>
<td>------------------------------------------------------------------------</td>
<td>-------------------------</td>
<td>-----------------------</td>
<td>-----------------------------</td>
<td>------------------------------------------------------</td>
<td>-------------------</td>
<td>------------------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>York Road Flats</td>
<td>8 flats. Refurbished 2014 commercial let in occupation.</td>
<td>Yes</td>
<td>No</td>
<td>£1,245,000</td>
<td>Already an asset of the Property Company</td>
<td>-</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>Station Road</td>
<td>Land offered by private landowner to develop properties at 50% of market value. Surveys undertaken to determine feasibility. Potential 15 units of which 5 for rent.</td>
<td>No (S106 monies/sales)</td>
<td>None considered</td>
<td>N/A</td>
<td>Transfer 5 units at undervalue on completion</td>
<td>2017</td>
<td>Planning as development within flood plain.</td>
<td></td>
</tr>
<tr>
<td>Caretaker Properties</td>
<td>School Caretaker properties that are not identified as Academies, transfer for potential key worker use.</td>
<td>No (S106 monies)</td>
<td>Keep as is</td>
<td>£2,024,500</td>
<td>Transfer at undervalue on works completion</td>
<td>2018/19</td>
<td>Planning. DfE block. Incumbent caretakers. Academies.</td>
<td></td>
</tr>
<tr>
<td>RMRE Land Site</td>
<td>Land sold to developer 2016. 20 units to be transferred to RBWM on completion.</td>
<td>No (None required)</td>
<td>None</td>
<td>N/A</td>
<td>Transfer on works completion at undervalue</td>
<td>2020</td>
<td>Development delayed.</td>
<td></td>
</tr>
</tbody>
</table>
See separate document.
### Annex G

#### PROJECTED PROFIT & LOSS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pipeline (Units)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Turnover</td>
<td>93,000</td>
<td>234,000</td>
<td>658,643</td>
<td>1,060,004</td>
<td>1,420,200</td>
</tr>
<tr>
<td>Taxation (VAT)</td>
<td>(3,602)</td>
<td>(8,735)</td>
<td>(26,504)</td>
<td>(43,600)</td>
<td>(61,332)</td>
</tr>
<tr>
<td>inflation</td>
<td>4,680</td>
<td>26,346</td>
<td>63,600</td>
<td>113,616</td>
<td></td>
</tr>
<tr>
<td>Turnover</td>
<td>89,398</td>
<td>229,945</td>
<td>658,485</td>
<td>1,080,004</td>
<td>1,472,484</td>
</tr>
<tr>
<td>Salaries</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>188,700</td>
</tr>
<tr>
<td>Accounting</td>
<td>1,500</td>
<td>1,530</td>
<td>1,561</td>
<td>3,180</td>
<td>3,244</td>
</tr>
<tr>
<td>Office Costs</td>
<td>10,000</td>
<td>11,220</td>
<td>18,512</td>
<td>27,136</td>
<td>35,288</td>
</tr>
<tr>
<td>Third Party Management fee</td>
<td>6,510</td>
<td>16,708</td>
<td>47,949</td>
<td>78,652</td>
<td>116,570</td>
</tr>
<tr>
<td>Interest &amp; Financing Costs</td>
<td>61,615</td>
<td>61,615</td>
<td>189,125</td>
<td>274,125</td>
<td>268,048</td>
</tr>
<tr>
<td>Misc Repairs</td>
<td>3,336</td>
<td>8,507</td>
<td>27,756</td>
<td>45,528</td>
<td>62,376</td>
</tr>
<tr>
<td>Contribution to repairs provision</td>
<td>6,664</td>
<td>16,932</td>
<td>55,255</td>
<td>90,640</td>
<td>124,476</td>
</tr>
<tr>
<td>Contribution to repairs provision</td>
<td>89,625</td>
<td>116,512</td>
<td>340,158</td>
<td>519,261</td>
<td>798,702</td>
</tr>
<tr>
<td>Profit before Interest &amp; Tax</td>
<td>(227)</td>
<td>113,433</td>
<td>318,327</td>
<td>560,743</td>
<td>673,782</td>
</tr>
<tr>
<td>Taxation</td>
<td>0</td>
<td>22,687</td>
<td>63,665</td>
<td>112,149</td>
<td>134,756</td>
</tr>
<tr>
<td>P&amp;L</td>
<td>(227)</td>
<td>90,746</td>
<td>254,662</td>
<td>448,594</td>
<td>539,026</td>
</tr>
<tr>
<td>Dividend</td>
<td>0</td>
<td>75,000</td>
<td>250,000</td>
<td>314,016</td>
<td>377,318</td>
</tr>
<tr>
<td>to Income/Expenditure Reserve</td>
<td>(227)</td>
<td>15,746</td>
<td>4,662</td>
<td>134,578</td>
<td>161,708</td>
</tr>
</tbody>
</table>

**Assumes:**

- Voids at 5%
- Refurbishment at 5/6 years
- All salary costs years 1-4 capitalised
- Inflation inbuilt at 2% pa on cost and income from April 2017
- Office/other fees includes buildings insurance and accommodation fee
- All loans prior to April 2017 will be paid on an interest only basis for the first two years
- All loans post April 2017 will be repaid on a capital/interest basis from the date when the first repayment commences
## PROJECTED BALANCE SHEET

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing Properties</td>
<td>3,650,000</td>
<td>11,700,000</td>
<td>29,140,999</td>
<td>39,640,999</td>
<td>46,640,999</td>
</tr>
<tr>
<td><strong>Total Fixed Assets</strong></td>
<td>3,650,000</td>
<td>11,700,000</td>
<td>29,140,999</td>
<td>39,640,999</td>
<td>46,640,999</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>7,750</td>
<td>19,890</td>
<td>57,082</td>
<td>93,634</td>
<td>127,818</td>
</tr>
<tr>
<td>Cash at Bank</td>
<td>60,302</td>
<td>172,090</td>
<td>505,625</td>
<td>831,874</td>
<td>938,488</td>
</tr>
<tr>
<td></td>
<td>68,052</td>
<td>191,980</td>
<td>562,707</td>
<td>925,508</td>
<td>1,066,306</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends Payable</td>
<td>0</td>
<td>(75,000)</td>
<td>(250,000)</td>
<td>(314,016)</td>
<td>(377,442)</td>
</tr>
<tr>
<td>Creditors falling due within one year</td>
<td>(61,625)</td>
<td>(84,312)</td>
<td>(252,790)</td>
<td>(386,274)</td>
<td>(402,804)</td>
</tr>
<tr>
<td><strong>Net Current Assets</strong></td>
<td>6,427</td>
<td>32,668</td>
<td>59,917</td>
<td>225,218</td>
<td>286,060</td>
</tr>
<tr>
<td><strong>Total Assets less current liabilities</strong></td>
<td>3,656,427</td>
<td>11,732,668</td>
<td>29,200,916</td>
<td>39,866,217</td>
<td>46,927,059</td>
</tr>
<tr>
<td><strong>Creditors</strong>: amounts falling due after more than one year</td>
<td>(1,450,000)</td>
<td>(1,450,000)</td>
<td>(4,450,000)</td>
<td>(6,450,000)</td>
<td>(6,307,000)</td>
</tr>
<tr>
<td><strong>Provisions - maintenance of properties</strong></td>
<td>(6,664)</td>
<td>(16,932)</td>
<td>(55,255)</td>
<td>(90,640)</td>
<td>(124,476)</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>2,206,427</td>
<td>10,282,668</td>
<td>24,750,916</td>
<td>33,416,217</td>
<td>40,620,059</td>
</tr>
<tr>
<td><strong>Reserves</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Capital</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Income and expenditure reserve</td>
<td>(227)</td>
<td>15,519</td>
<td>20,408</td>
<td>139,240</td>
<td>296,286</td>
</tr>
<tr>
<td>Revaluation Reserve</td>
<td>2,206,554</td>
<td>10,267,049</td>
<td>24,730,408</td>
<td>33,276,877</td>
<td>40,323,673</td>
</tr>
<tr>
<td><strong>Total Reserves</strong></td>
<td>2,206,427</td>
<td>10,282,668</td>
<td>24,750,916</td>
<td>33,416,217</td>
<td>40,620,059</td>
</tr>
</tbody>
</table>
Annex I

PROJECTED CASH FLOW (1)

ASSUMPTIONS

LOANS

£1,245,000 York Road

£200,000 Start up (booster loan)

£5,000,000 Future potential funding requirement

Loan term: 45 years

Loan projections: Straight line

Rental growth: 2%

& inflation

Interest rate: 4.25% reducing balance

Corporation tax: 20%

Dividends: Normally 70% of post tax profit as a minimum apart from years 2 and 3 where it is 83% and 98% respectively.
### Projected Cashflow Forecast

<table>
<thead>
<tr>
<th>Year</th>
<th>Bal b/fwd</th>
<th>Lettings Income</th>
<th>Total Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>2016/17</td>
<td>0</td>
<td>93,000</td>
<td>93,000</td>
</tr>
<tr>
<td>2017/18</td>
<td>6,427</td>
<td>238,680</td>
<td>245,107</td>
</tr>
<tr>
<td>2018/19</td>
<td>289,095</td>
<td>684,989</td>
<td>974,084</td>
</tr>
<tr>
<td>2019/20</td>
<td>250,123</td>
<td>1,123,604</td>
<td>1,373,727</td>
</tr>
<tr>
<td>2020/21</td>
<td>290,408</td>
<td>1,533,816</td>
<td>1,824,224</td>
</tr>
</tbody>
</table>

- Bal c/fwd: 6,427, 39,095, 250,123, 290,408, 414,255

- The cash flow position will be further improved by the release of the balance sheet reserve provisions for refurbishment works.

- £250,000 of the £5,000,000 loan provision to be used for working capital purposes in year 3 and is reflected in the year 3 cash b/f figure.

- Dividend for year 2 and 3 represents 83% and 988% of post-tax profits and reduces to 70% thereafter.