Rooftop
Housing Group

Treasury Strategy

Financial Year 2026 / 27

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Disclaimer

1. Executive Summary

1.1. Debt Portfolio (as of 31st March 2026)

1.1.1. Rooftop Housing Association Limited ("Rooftop") committed and available funding totals **£273.5m**, of which **£248.5m** is drawn and **£25m (9%)** remains undrawn. On a debt funding basis this is a reasonably low level of undrawn funding but additional cash balances of £7.95m brings this to a reasonable total liquidity position of **£32.95m.**

1.1.2. The portfolio is **well balanced**, with no single counterparty accounting for more than 30% of total loan commitments. There is also a **good mix of funding types** – combining both shorter and medium-term facilities provided by the banking market with longer-term fixed rate investment through bonds. All existing lending counterparties are consistent and long-term supportive funders to the sector.

1.1.3. **£65m** of the committed facilities are Revolving Credit Facilities ("RCF"), which are a more flexible facility that allows Rooftop to draw, repay and re-draw. They provide an effective way of managing the cost of carrying excess funds by matching loan drawdowns to the needs of the Plan.

1.1.4. At **24% of the total debt portfolio**, SFC assesses this to be an appropriate RCF proportion but ideally the facilities would be available for drawing rather than remaining drawn for too long. Due to the drawn RCF position, Rooftop's undrawn funding now sits with a single source and consists of the entirely undrawn **£25m** RCF available with Santander.

1.1.5. The **Weighted Average Cost of Capital ("WACC")** is **4.42%**. This has reduced from 4.77% reported as of March 2025 due to three Bank Rate reductions in that period, as well as the new £15m Nationwide fix that was implemented in October 2025. It is broadly comparable to the wider sector average cost of capital of 4.5% reported in the 2025 Global Accounts (as of March 2025).

1.1.6. The **Weighted Average Life ("WAL")** of all debt is **around 10.2 years**. In SFC's view this sits just slightly below the sector average of around c. 11- 12 years. Seeking opportunities to extend the WAL of the portfolio in the coming years should be an objective – likely to be achieved through the next financing exercise which will seek to term out the drawn balances on the RCFs.

1.2. Interest Rate Risk (as of 31st March 2026)

1.2.1. Rooftop is paying **80%** of its interest costs on a fixed rate basis. This position continues to provide the organisation with high levels of interest rate risk protection.

1.2.2. A new £15m 4-year embedded fixed rate was implemented with Nationwide in October 2025 to manage an existing fixed rate expiry and increase the overall fixed rate proportion. This process capitalised on a favourable interest rate backdrop to fix at an underling rate of **3.54%** (3.94% all-in). An equivalent fixed rate in today's market would be **4.32%** (4.72% all-in).

1.2.3. This level remains comfortably above the **60%** minimum fixing rule contained in the Treasury Management Policy ("TMP") and is forecast to stay above this threshold for the next three years of the Plan without any remedial actions taken or further fixed rate debt implemented.

1.2.4. The Mark-to-Market ("MtM") position (as of 31st March 2026) of Rooftop's embedded fixed rate loan portfolio was **negative £2.28m**, meaning that the average underlying fixed rate Rooftop is paying is above what can be achieved in current market conditions. This has however reduced compared to last year (-£3.6m) due to interest rates moving significantly higher and the impact of the new £15m Nationwide fixed rate.

1.3. Cash Portfolio (as of 31st March 2026)

1.3.1. Rooftop has **£7.95m** of cash and short-term investments across all accounts, deposits and funds. This is a high level of cash held by an organisation of Rooftop's size. Rooftop's TMP prudently requires that minimum cash should be at least £5m or the definition of "Liquid Funds", whichever is higher.

1.3.2. Rooftop's current cash investments meet the credit rating criteria and investment limits contained within the TMP. However, consideration should be given to spreading the investments across other counterparties in the future if cash balances are expected to be high. However, the first use of the excess cash should always be to repay drawn balances on the RCFs.

1.4. Security Portfolio (as of 31st March 2026)

1.4.1. Rooftop has a total security pool of **6,995 homes**, of which **5,578** were charged to lenders with a collective valuation of **£447.3m** and **1,414** homes remained unencumbered or undesignated. The number of undesignated properties has increased following the security release exercise that was undertaken with Nationwide.

1.4.2. Rooftop benefits from an over-secured position against existing loans of **+£127.2m** amongst all its lenders, of which c. 49% comes from the excess security held with Nationwide. This surplus security could potentially be utilised and reallocated to future funding exercises.

1.4.3. Rooftop maintains an appropriate level of unencumbered/undesignated assets, representing **20% (1,417 units)** of the total portfolio. Rooftop is therefore currently compliant with the stipulation in its TMP that 2.5% of its total properties must remain unencumbered or uncharged to lenders.

1.4.4. Rooftop intends to dispose of two schemes (Weston and Hawthorns) currently charged to Nationwide in July and August 2026 respectively. These two schemes combined comprise 128 units and a £8.76m of EUV-SH value. Once these schemes are disposed, it will reduce the security headroom with Nationwide to £53.49m. Rooftop should ensure it complies with the security release provisions in the Nationwide facility documentation when undertaking these disposals.

1.5. Financial Covenants

1.5.1. Following previous refinancing exercises, Rooftop now has an EBITDA-only interest cover covenant with its three banking lenders, Nationwide, Lloyds and Santander (and therefore across its entire debt portfolio). This has provided the organisation with significantly increased headroom under its most constraining covenant, compared to the previously utilised EBITDA-MRI covenant.

1.5.2. The latest Plan retains a significant asset disposal programme, which supports the delivery of new and existing stock investment. The Lloyds and Nationwide interest cover covenants do not include these projected surpluses and due to the higher covenant threshold the Lloyds covenant is therefore the tightest covenant over the coming years. It is important to monitor any reliance on the projected sales moving forward both from an interest cover perspective (for Santander) but also from a liquidity perspective.

1.5.3. Rooftop is also subject to a gearing covenant across its three banking facilities. Gearing is expected to be at its highest level at Year 1 and is projected to decrease year on year over the next 10 years of the Plan. There is ample headroom in all years of the Business Plan, with the tightest gearing headroom equating to £144m of additional debt in Year 1.

1.5.4. Interest cover will continue to be the constraining factor for Rooftop and whilst the covenants have been adjusted to be more flexible, the real limitation is going to be Rooftop's appetite for **EBITDA-MRI interest cover performance** moving forward. It continues to be an important metric both for the Regulator and funders, and new funders would assess it as part of any future funding exercise.

1.5.5. SFC would expect this metric to be carefully monitored moving forward and ideally it would be assessed by the Board through a Golden Rule / Internal Risk Appetite structure.

1.6. Funding Need

1.6.1. Based upon the current projections, the existing funding arrangements provide **35 months** of funding headroom (until **February 2029**). However, what this does not accurately reflect is firstly, Rooftop's reliance on sales income to generate this position (noting that Rooftop's TMP excludes 67% of forecasted property sales) and secondly, the low levels of undrawn funding that persist in the intervening period.

1.6.2. For example, by Month 24, Rooftop is forecast to have only £5.6m of undrawn debt funding remaining that persists around this level for the next 10 months thereafter. This is a low level of undrawn liquidity, particularly when combined with the forecast level of sales income.

1.6.3. In Year 1 of the Plan, Rooftop is forecasting a surplus of £9.67m from its disposal programme. Reliance on this sales income (and therefore market conditions) adds risk from a delivery and liquidity perspective, as a delay/reduction/suspension to these sales receipts can disrupt liquidity forecasts and add pressure to remaining undrawn liquidity

1.6.4. When all sales income is stripped out from the Plan (with the exception of first tranche sales), this funding deficit is **brought forward to Month 21** and available undrawn funding reaches a low of £3.3m in Month 12 (which is a very low buffer). Whilst a worst-case scenario, this highlights the risk of relying on sales income within the liquidity projections.

1.6.5. It is therefore appropriate to consider additional financing during this financial year, in order to bolster liquidity levels moving forward.

1.7. Recommendations

1.7.1. To finalise the second RCF extension option with Lloyds ahead of the deadline and to appraise the offer relative to market conditions at the time.

1.7.2. To procure a new medium-term bank loan or other similar financing (between 10 and 15 year tenor) for an amount <u>up to £60m</u>, with anticipated completion date by December 2026 in order to reduce refinancing risk and increase Rooftop's WAL.

- To approach Rooftop's existing bank funders in order to procure this new funding but also a targeted list of new funders given the current competitiveness of the market.
- To consider the possibility of restructuring some of the existing bank term debt as part of these negotiations (for example, deferring the existing amortisation payments with Nationwide or restructuring them into a longer-term bullet repayment to mitigate refinancing risk);
- To explore the capacity within Rooftop's capital investment programme to procure a new retrofit funding product as part of this process (for the avoidance of doubt, any retrofit loan would form part of the total maximum £60m amount);

1.7.3. To consider fixing the interest rate on some or part of the new term loans when repaying the drawn RCF positions, to increase Rooftop's interest rate risk protections, subject to market conditions. Further consideration to this will be given closer to the time.

2. Introduction and Background

2.1. Introduction

2.1.1. Rooftop Housing Group Limited (the "Group") is a non-charitable Registered Society and Registered Provider ("RP") and Group parent. Rooftop Housing Association Limited ("Rooftop") is the charitable subsidiary of the parent organisation which is also an RP and owns the Group's housing assets as well as being the only external borrower. The group structure is shown in the chart below:

2.1.2. Treasury Management is one of the key financial functions of Rooftop and its Treasury Management Policy (the "Policy" or "TMP") requires an Annual Treasury Strategy ("ATS") to be prepared and approved by the Board on an annual basis.

2.1.3. The purpose of the ATS is to set out the Group's treasury aims and objectives for the forthcoming financial year. Savills Financial Consultants ("SFC"), as the Group's retained treasury advisors, have prepared this document in conjunction with the Executive team to fulfil that requirement.

2.1.4. The following sections set out the specific and expected treasury management activities and proposed strategy for financial year **2026/27**. The report therefore includes the following key sections, and items reported as at **31st March 2026**:

- ↳ Debt portfolio (**Section 3**)
- ↳ Interest Rate Risk management (**Section 4**)
- ↳ Cash portfolio (**Section 5**)
- ↳ Security portfolio (**Section 6**)
- ↳ Financial covenants (**Section 7**)
- ↳ Funding Strategy (**Section 8**)

2.2. Business Plan

2.2.1. The Board approved Business Plan ("the Plan"), **"Group 26-27 FBP – Base Plan"**, has been used to prepare this report. For the avoidance of doubt, this is the Rooftop-only Plan, i.e. not the Group consolidated business plan.

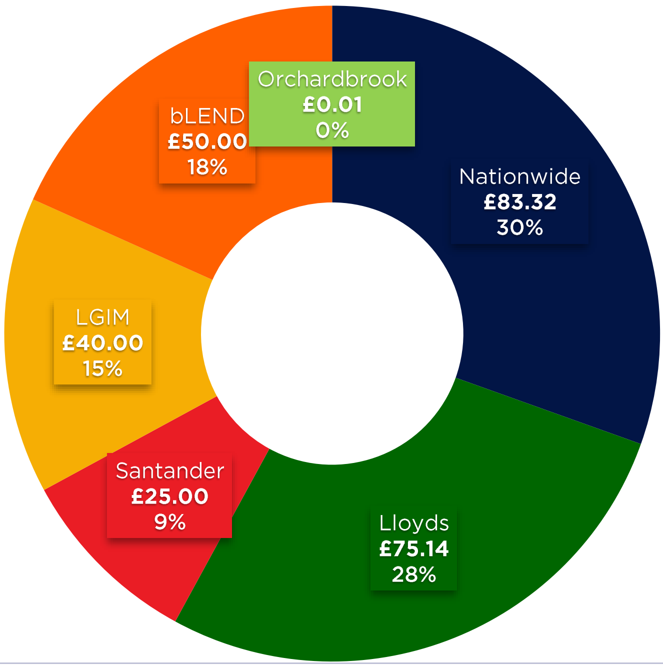
3. Debt Portfolio

3.1. Debt Facilities

3.1.1. All of the Group's external debt is held with Rooftop Housing Association Limited. As of **31st March 2026**, the total committed and available funding for Rooftop was **£273.5m**, of which **£248.5m** was drawn and **£25m (9%)** remained undrawn.

3.1.2. The chart below illustrates the total committed debt portfolio split between Rooftop's funders:

Debt Portfolio
of all available debt facilities, by lender **(£m)**



3.1.3. Rooftop's debt portfolio comprises a mix of term loans, revolving credit facilities[1] ("RCFs"), and an aggregated bond, split across a total of **six different counterparties** – three banks; Nationwide Building Society ("Nationwide"), Lloyds Banking Group ("Lloyds"), and Santander UK ("Santander"), one institutional investor; Legal and General Investment Management ("LGIM"), and two Aggregators; bLEND and Orchardbrook.

3.1.4. The portfolio is **well balanced**, with no single counterparty accounting for more than 30% of total loan commitments. There is also a **good mix of funding types** – combining both shorter and longer-term facilities provided by the banking market with longer-term fixed rate investment through bonds. All existing lending counterparties are consistent and long-term supportive funders to the sector.

[1] *A flexible facility that can be drawn, repaid and re-drawn again*

3.1.5. A more detailed breakdown of Rooftop's total portfolio is summarised in the table below:

Lender	Interest Type	Flexibility Type	Repayment Type	Available Facility *(m)*	Drawn Facility *(m)*	Undrawn Facility *(m)*	Interest Margin	All-in Rate	Repayment Date
Nationwide									
Tranche A	Variable	RCF	Bullet	£5.00	£5.00	£0.00	0.400%[2]	**4.130%**	31-Mar-38
Tranche B[1]	Fixed	Term	Amortising	£8.00	£8.00	£0.00	0.400%[2]	**5.730%**	31-Mar-38
	Fixed	Term	Amortising	£15.00	£15.00	£0.00	0.400%[2]	**3.940%**	31-Mar-38
	Fixed	Term	Amortising	£5.00	£5.00	£0.00	0.400%[2]	**4.520%**	31-Mar-38
	Fixed	Term	Amortising	£5.00	£5.00	£0.00	0.400%[2]	**5.580%**	31-Mar-38
	Fixed	Term	Amortising	£8.00	£8.00	£0.00	0.400%[2]	**5.190%**	31-Mar-38
	Fixed	Term	Amortising	£7.00	£7.00	£0.00	0.400%[2]	**5.480%**	31-Mar-38
	Fixed	Term	Amortising	£20.00	£20.00	£0.00	0.400%[2]	**5.750%**	31-Mar-38
	Variable	Term	Amortising	£8.46	£8.46	£0.00	0.400%[2]	**4.130%**	31-Mar-38
Tranche C	Fixed	Term	Amortising	£0.49	£0.40	£0.00	0.950%	**6.540%**	29-Mar-29
	Fixed	Term	Amortising	£1.38	£1.38	£0.00	0.950%	**5.070%**	29-Mar-29
Lloyds									
Tranche A	Fixed	Term	Amortising	£27.77	£27.77	£0.00	0.300%	**4.628%**	31-Mar-30
Tranche B	Fixed	Term	Amortising	£7.17	£7.17	£0.00	1.500%	**2.896%**	31-Mar-30
Tranche C	Variable	RCF	Bullet	£35.00	£35.00	£0.00	1.100%	**4.830%**	20-Dec-30
Tranche E	Fixed	Term	Amortising	£5.20	£5.20	£0.00	1.500%	**4.179%**	31-Mar-30
Santander	Variable	RCF	Bullet	£25.00	£0.00	£25.00	1.120%	**4.850%**	22-Mar-31
LGIM	Fixed	Term	Bullet	£40.00	£40.00	£0.00	-	**4.868%**	30-Jun-34
bLEND	Fixed	Term	Bullet	£50.00	£50.00	£0.00	-	**2.922%**	25-Mar-54
Orchardbrook	Fixed	Term	Amortising	£0.01	£0.01	£0.00	-	**13.625%**	30-Sep-42
Total				**£279.60**	**£249.60**	**£30.00**			

Note 1 – The fixed rate for the Nationwide Tranche B loans often expires ahead of the loan maturity date, see section 4.3.3 for detail

Note 2 – The margin on Nationwide Tranche A and B increases to 0.45% on 01 April 2026

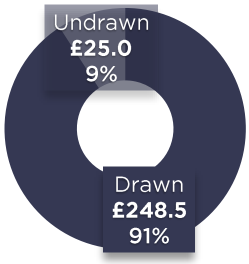
3.1.6. Rooftop's undrawn facilities comprise of **£25m** available through the entirely undrawn **£25m** Santander RCF. Together with a cash position of **£7.95m**, the undrawn facilities provide an adequate level of liquidity (**£32.95m**) for an organisation of Rooftop's size however the undrawn funding amount has decreased from £35m reported as of 31st March 2025 and now only comprises a single funding source.

3.1.7. **£65m** of the committed facilities are RCFs, which are a more flexible facility that allows Rooftop to draw, repay and re-draw. One of these RCFs consists of the £5m Nationwide RCF which is fully drawn and not anticipated to ever be repaid ahead of its maturity.

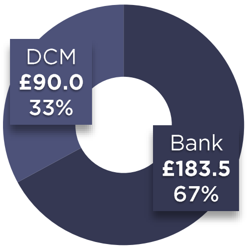
3.1.8. They provide an effective way of managing cost of carry by matching loan drawdowns to the funding needs of the Plan. At **24% of the total debt portfolio**, SFC assesses this to be an appropriate proportion of the overall debt portfolio, albeit the level of undrawn RCF available within the portfolio is relatively low.

3.1.9. The **Weighted Average Cost of Capital ("WACC")** was **4.42%**. This has reduced from 4.77% reported as of March 2025 due to three Bank Rate reductions in that period, as well as the new £15m Nationwide fix that has been implemented. It is broadly comparable to the wider sector average cost of capital of 4.5% reported in the 2025 Global Accounts (as of March 2025).

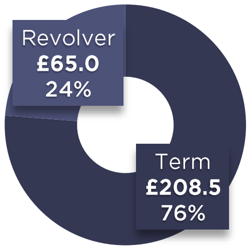
Utilisation
portfolio split **(£m)**



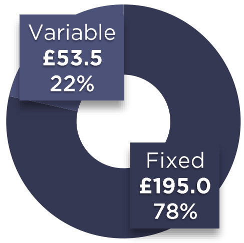
Source
portfolio split **(£m)**



Flexibility
portfolio split **(£m)**



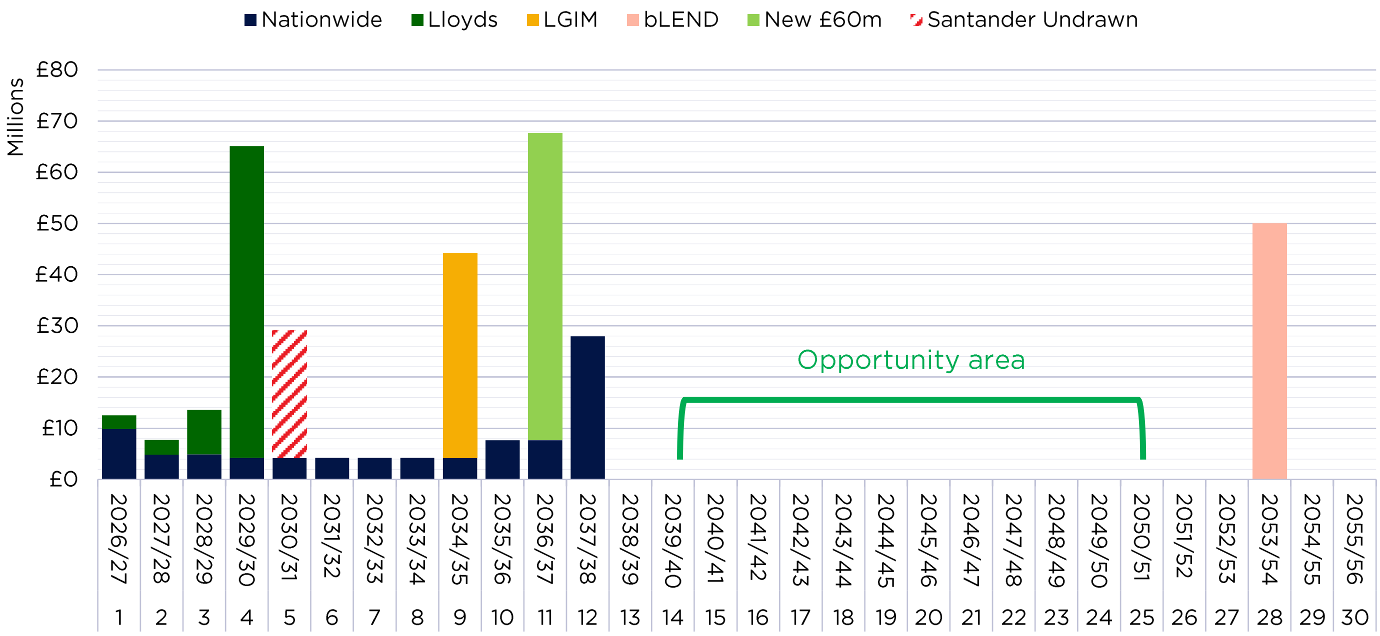
Interest
portfolio split *(drawn)* **(£m)**



3.2. Debt Maturity Profile

3.2.1. The graph below illustrates the debt repayment profile over the life of the **2026/27** Plan:

Debt Maturity Profile
displaying the position at the end of each financial year



3.2.2. Rooftop's debt repayments are spread out over the next **28 years** of the Plan and comprise of a mixture of bullet and amortising repayments. The debt provided by LGIM (**£40m**) and bLEND (**£50m**) are repaid in Years 9 and 28 respectively through two separate bullet payments.

3.2.3. The Nationwide facilities repay through an amortising structure over the next 12 years, followed by a bullet repayment at Year 12 – the refinancing and interest rate risk associated with this and the LGIM repayment will need to be managed in advance.

3.2.4. The most imminent refinancing risk arises in **Years 4 and 5,** which relates to the RCFs with Lloyds and Santander (totalling £60m), in addition to the remaining amortisation payments associated with the legacy Nationwide and Lloyds term loans over this period – amounting to c. £64m.

3.2.5. As the Lloyds RCF is fully drawn – this adds to both Liquidity and Refinancing risk. In SFC's view, Rooftop should seek to term out the drawn RCF position in the near future to reduce these risks.

3.2.6. Rooftop has now actioned both existing extension options with the Santander RCF, extending its maturity to March 2031. Rooftop has one further extension option associated with the Lloyds RCF to help mitigate its maturity date in December 2029:

Lender	Extension(s)	Deadline for Remaining Request
Lloyds	+1+1	*3 months prior to the 3rd Anniversary 20th December 2026*

3.2.7. **SFC recommends that the second Lloyds extension option is actioned ahead of the deadline and appraised relative to prevailing market conditions at the time of the request and proceeded with if deemed economically acceptable.**

3.2.8. The overall repayment profile translates into a Weighted Average Life of Total Debt ("WAL") of around **10.2 years (June 2036)** as of 31st March 2026. In SFC's view this sits slightly below the sector average of around c. 11- 12 years. **Seeking opportunities to extend the WAL of the portfolio in the coming years should be an objective** – likely to be partly achieved through the next financing exercise which will seek to term out the drawn balances on the newly procured RCFs.

3.2.9. There is a particular opportunity within the debt profile to procure financing with maturities of around **15-25 years** – this will be explored through the next financing exercise.

4. Interest Rate Risk Management

4.1. Financial Instruments

4.1.1. Rooftop's TMP stipulates that its exposure to future movements in interest rates should be carefully managed and a minimum percentage of loans should be linked to fixed rates of interest– at least **60%** in any given year.

4.1.2. As of **31st March 2026,** Rooftop was paying **78% (£195m)** of its interest costs on a fixed rate basis, therefore providing significant headroom above the 60% minimum threshold.

4.1.3. This 78% is calculated on the basis that an existing £5m Nationwide fix that is due to expire in September 2026 is being treated as variable rate as it has less than 12 months to run.

4.1.4. A new £15m 4-year embedded fixed rate was implemented with Nationwide in October 2025 to manage an existing fixed rate expiry and increase the overall fixed rate proportion. This process capitalised on a favourable interest rate backdrop to fix at an underling rate of 3.54% (3.94% all-in).

4.1.5. Rooftop's proportion of fixed rate debt is close to the sector average of 77% as reported by the RSH's Quarterly Survey for Q4 2025 (January to March 2025).

4.1.6. Rooftop achieves its current interest rate risk protection through two types of fixed rate instruments - "embedded" fixed rate loans through Nationwide and Lloyds and fixed coupon notes issued through the debt capital markets.

4.1.7. The fixed rates with Nationwide and Lloyds are "embedded" because they are not captured under a separate agreement, which would be the case for a standalone or "loan-linked" interest rate swap (documented by way of an ISDA[2]). There is therefore no credit support annex ("CSA") and requirement to post additional security when interest rates move outside of defined thresholds (known as a 'margin call') as is the case for standalone swaps. This embedded fixed rate loan arrangement therefore limits implications for collateral and minimises risk for Rooftop, but it is less flexible as the arrangement will instead by inextricably linked to the loan, including its reliance on the loan security pool.

4.1.8. Rooftop should be aware that a growing number of banking institutions are no longer offering this embedded product due to issues with their accounting treatment and are only offering loan-linked or standalone interest rate swaps (documented by way of an ISDA[2] Master Agreement). These instruments would need to be brought forward to Board to ensure all characteristics are understood and independent financial advice would need to be sought, before they could be implemented.

4.1.9. A loan-linked ISDA benefits from no CSA as it relies on the security of the underlying loan and is therefore not subject to margin calls – this has made this product increasingly popular in the social

[2] *International Swaps and Derivatives Association*

housing sector in recent years. However because the ISDA is intrinsically tied to the underlying loan, it cannot be ported over to other funding or counterparties like a standalone ISDA could be.

4.1.10. Nationwide, for example, are still able to offer embedded fixed rate loans, whereas Santander can only offer LL-ISDAs or standalone swaps on new funding. Hedging mechanics will be a key consideration in Rooftop's next funding round.

4.2. Breakage Costs

4.2.1. When a fixed rate agreement is entered into it has an underlying agreed interest rate that is referenced to prevailing market rates at the time the transaction is agreed.

4.2.2. Market rates will change over time and the value of a fixed rate agreement will fluctuate depending on the direction that interest rates have moved. Generally, if rates move up the value (to the lender) of the contract will go down and if rates fall the value of the contract to the lender will increase.

4.2.3. If Rooftop wanted to repay these embedded fixed rate funding agreements at any point in the future, it would be required to compensate the counterparty for the cost (or vice versa) of unwinding these agreements and this is known as "breakage costs". This is quite often also referred to as the "Mark to Market" ("MtM") value of the contract.

4.2.4. The terms of bonds and notes purchased through the debt capital markets contain prepayment clauses that require the issuer to recompense the investor for the **total loss of return** in the event that the issuer wishes to prepay. This means that Rooftop would effectively be pre-paying the market interest foregone on the loan until maturity (including the spread).

4.2.5. This approach is standard for debt capital market instruments and is generally known as a "Spens" or "full Spens" provision or calculation. If Rooftop were to pre-pay any of its debt capital markets issuances and replace them with another loan for an equal term this would not make economic sense as it would have to fund the breakage (or Spens) cost as well and at the same time still repay the investors their original return (margin/spread included).

4.3. Embedded Fixed Rate Loans

4.3.1. As at 31st March 2026, the existing embedded fixed rates held with Lloyds and Nationwide, which total **£110.4**, is shown below alongside the indicative **total MtM of -£2.28m** for Rooftop.

Counterparty	Amount	Maturity Date	Time to Maturity	Fixed Rate (exc. Margin)	Repayment Profile	Indicative MtM £
Lloyds Tranche A	£27,769,016	31/03/2030	4 years and 0 months	4.328%	Bullet	£(229,626)
Lloyds Tranche B	£7,169,807	21/02/2029	3 years and 11 months	1.396%	Amortising	£501,921
Lloyds Tranche E	£5,200,000	31/03/2030	6 years and 0 months	2.68%	Amortising	£242,973
					Total Lloyds	**£515,268**

4.3.2. As can be seen from the table below, Rooftop holds a **positive MtM ("in the money") position with Lloyds** because the average fixed interest rate is now below the current market for an equivalent contract. If Rooftop decided to exit the contract, Lloyds would be required to pay Rooftop this sum.

4.3.3. However, the Nationwide fixed rates still generally hold a negative mark to market ("out of the money") position and Rooftop would be required to pay the MtM figure to Nationwide to break these contracts. The exception to this is the recent £15m Nationwide fix that was put in place in October 2025.

Counterparty	Amount	Maturity Date	Time to Maturity	Fixed Rate (exc. Margin)	Repayment Profile	Indicative MtM £
Nationwide Tranche B	£5,000,000	30/09/2026	0 years and 6 months	4.12%	Bullet	£(1,069)
Nationwide Tranche B	£5,000,000	28/09/2032	6 years and 6 months	5.18%	Bullet	£(259,112)
Nationwide Tranche B	£8,000,000	28/09/2032	6 years and 6 months	4.79%	Bullet	£(237,367)
Nationwide Tranche B	£7,000,000	28/09/2037	11 years and 6 months	5.08%	Bullet	£(358,234)
Nationwide Tranche B	£8,000,000	31/12/2035	9 years and 9 months	5.33%	Bullet	£(644,165)
Nationwide Tranche B	£15,000,000	30/01/2030	3 years and 9 months	3.54%	Bullet	£200,522
Nationwide Tranche B	£20,000,000	31/12/2035	10 years and 9 months	5.35%	Bullet	£(1,467,144)
Nationwide Tranche C	£840,056	29/03/2029	3 years and 12 months	5.59%	Bullet	£(32,589)
Nationwide Tranche C	£1,380,111	29/03/2029	3 years and 12 months	4.12%	Bullet	£(301)
					Total Nationwide	**-£2,799,459**
					Total	**-£2,284,191**

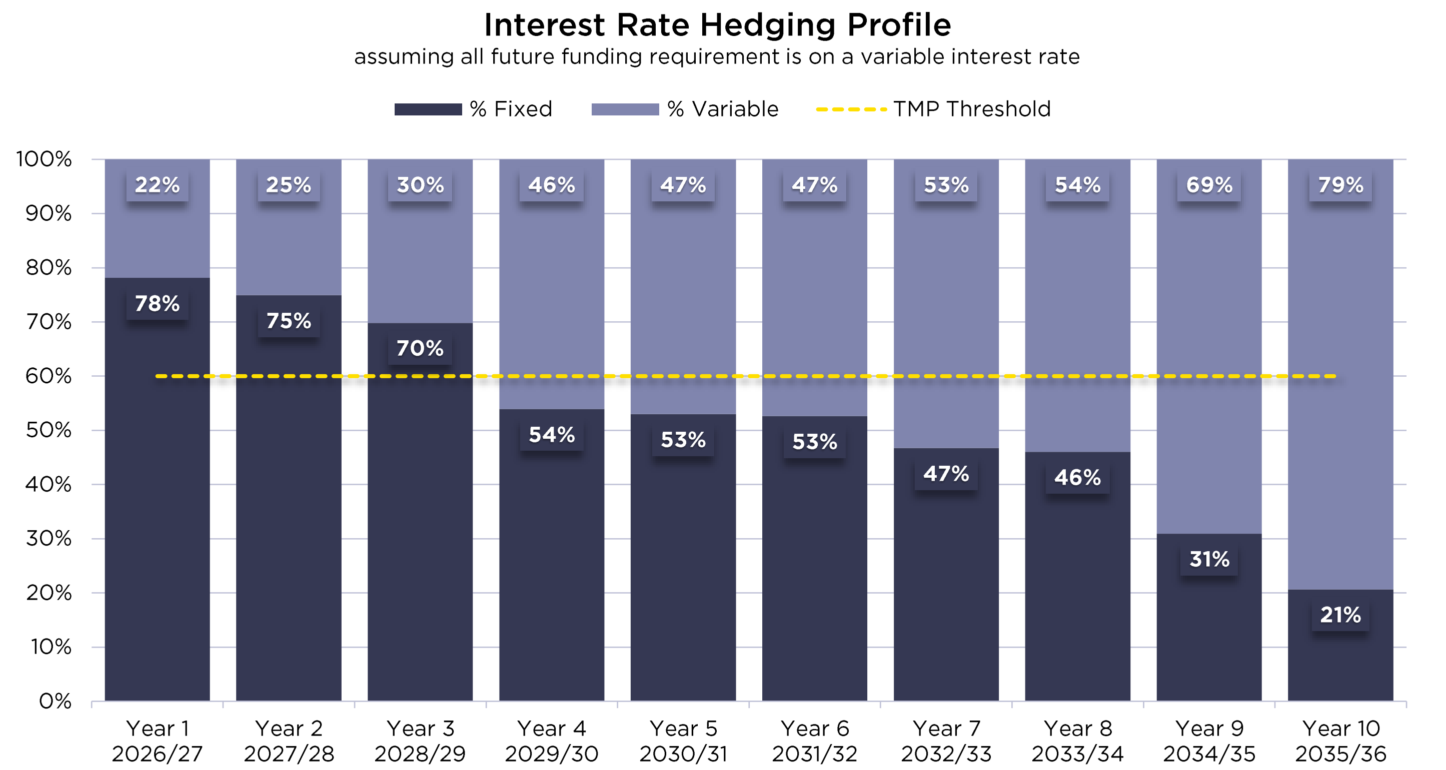
4.3.4. The overall MtM position to Rooftop has improved relative to March 2025 (when the position was close to £6m out of the money) as swap rates have increased during that time period (and were particularly elevated in March 2026 due to the impact of the conflict in the Middle East and the energy supply crisis).

4.4. Interest Rate Risk Projections

4.4.1. The proportion of fixed rate debt is expected to remain above the TMP 60% lower limit for the next **three years** without any further remedial actions. It falls just below this level for the first time in Year 4 (2029/2030) with the expiry of c£40m in fixed rate debt between Lloyds and Nationwide. In reality this position would need to be managed ahead of this expiry.

4.4.2. It is forecast that the level of fixed rate debt will remain at 78% by the end of the 2026/27 financial year as the level of RCF drawdowns are expected to be low, itself predicated on a high amount of sales income anticipated to be received this year.

4.4.3. The forecast split between fixed and variable interest rate debt in the latest Business Plan is profiled over the next 10 years in the chart below (assuming all new borrowings are on a variable basis):



4.4.4. Given the existing level of interest rate risk protection, and the current elevated interest rate environment (and expectations for rates to fall further over the coming months), **SFC recommends that there is no requirement to enter into new fixed rate arrangements during 2026/27.**

4.4.5. **Whilst not required by Rooftop's TMP, a forecast reduction to c. 70% fixed rate debt over the next few years does provide Rooftop with the opportunity to implement additional interest rate hedging during its next refinancing exercise to increase protections against interest rate risk.**

4.4.6. A key consideration for Rooftop's next funding round will be the hedging mechanics offered and the ability to fix the new debt quickly and easily.

4.4.7. Rooftop has limited opportunities to implement further interest rate hedging at short notice with the exception of the variable loan under Nationwide Tranche B, which is important during periods of volatile market conditions such as those currently prevailing. This adds weight to adding a new term facility to the portfolio which can be fixed at short notice.

5. Cash Portfolio

5.1. Cash and Short-Term Investments

5.1.1. Rooftop manages its liquidity primarily through its available cash and its committed RCFs. Both forms of liquidity feed into Rooftop's liquidity policy as per its TMP.

5.1.2. As of **31st March 2026**, Rooftop had **£7.95m** of cash and short-term investments across all of the Group's accounts, deposits and funds. This is a reasonably high level of cash held by an organisation of Rooftop's size. Rooftop's TMP states that minimum cash balances should be at least £5m or the definition of "Liquid Funds", whichever is the higher.

5.1.3. The Group's cash and short-term investments are depicted by counterparty table below:

Counterparty	Holding Entity	Type	Notice	Deposit	Credit Limit	Rate	Credit Rating
Barclays	RHA	Current Account	Instant Access	**£7.85m**	£15m	**3.00%**	P-1 / A-1 / F1
Barclays	RHG	Current Account	Instant Access	**£0.02m**	£15m	**3.00%**	P-1 / A-1 / F1
Nationwide	RHA	Current Account	Instant Access	**£0.04m**	£15m	**0.00%**	P-1 / A-1 / F1
Nationwide	RHA	Notice Deposit	35 days	**£0.00m**	£15m	**0.00%**	P-1 / A-1 / F1
Nationwide	RHA	Notice Deposit	95 days	**£0.04m**	£15m	**0.00%**	P-1 / A-1 / F1
Total				**£7.95m**			

5.1.4. In addition there is £1.46m that is held and restricted within bLEND's Liquidity Reserve Fund that is inaccessible until the loan matures in March 2054.

5.1.5. Rooftop regards a prime objective of its treasury management activities to ensure that investments are managed in a way to minimise risk of losing capital invested and ensure liquidity is always available for the Group. The focus is not to increase investment returns but rather minimise risk.

5.1.6. The Group's TMP stipulates minimum credit rating requirements and associated investment limits associated with its cash investments. SFC can confirm that **all investments are currently compliant with these criteria.**

5.1.7. Rooftop should continue with its strategy of managing its cash balances through its RCFs and seek to minimise borrowing rather than investing surplus funds. If elevated levels of cash balances are expected in the future, then consideration should be given to reducing the concentration risk in having nearly all of cash sitting with Barclays, even though it is considered to be a reputable and well-rated counterparty. This could be achieved through diversifying its deposits via Nationwide and other counterparties.

5.1.8. Rooftop is benefiting from an attractive weighted average interest rate on the Barclays account of **3.00%.** Whilst this has come down significantly since last year, this was due to a series of Bank Rate cuts by the Bank of England. SFC considers the rate achieved with Barclays to be competitive in the current interest rate environment – particularly given the immediate access nature of the account.

6. Security Portfolio

6.1. Charged and Uncharged Stock

6.1.1. As of **31st March 2026**, Rooftop had a total security pool of **6,995 homes**, of which **5,578** were charged to lenders with a collective valuation of **£447.3m** and **1,414** homes remained either undesignated or uncharged. The Group's security position is summarised by the table below:

Lending Counterparty	Homes	EUV-SH *(millions)*	MV-T *(millions)*	Total Loan Security *(millions)*	EUV-SH *(covenant)*	MV-T *(covenant)*	Effective Loan Security *(millions)*	Notional Facility (m)	Notional Asset Cover	Surplus Loan Security[1] *(millions)*
Nationwide	2,279	£142.13	£13.22	£155.35	105%	135%	£145.15	£83.32	186%	+£61.83
Lloyds	1,465	£80.47	£41.34	£124.54	105%	125%	£111.62	£75.14	166%	+£36.48
Santander	332	£2.36	£35.31	£37.57	105%	125%	£30.42	£25.00	150%	+£5.42
LGIM	871	£30.48	£22.86	£53.34	105%	115%	£48.91	£40.00	133%	+£8.91
bLEND	628	£10.09	£66.43	£76.52	110%	120%	£64.53	£50.00	153%	+£14.53
Orchardbrook	3	£0.14	£0.00	£0.14	187.5%	-	£0.07	£0.01	1140%	+£0.06
Subtotal	**5,578**	**£265.67**	**£179.06**	**£447.46**	**-**	**-**	**£400.70**	**£273.47**	**164%**	**+£127.23**
Undesignated	**843**	**£35.30**	**£31.24**	**£66.54**						
Uncharged	**574**	**£26.53**	**£21.34**	**£47.87**						
Total	**6,995**	**£327.50**	**£231.65**	**£561.88**						

6.1.2. Rooftop maintains sufficient headroom above all its lender asset cover covenants, including the Santander RCF which allows the facility to be drawn at short notice.

6.1.3. The charged portfolio is secured using a mix of the two key valuation bases: **MV-T** and **EUV-SH**, with most units being charged using an EUV-SH basis (68% of units). Despite having a lower asset cover threshold, EUV-SH provides a lower borrowing capacity for Rooftop when compared with MV-T due the lower valuation amounts. Taking the opportunity to value at MV-ST where possible should be a focus for Rooftop given the strength of the property markets in which it operates.

6.1.4. The Nationwide facility agreement allows MV-ST to be adopted for the Tranche C facility only – all other Nationwide loans are secured using an EUV-SH basis. This restriction has been attempted to be amended in the past, however Nationwide were only amenable to it with a **significant re-pricing**, therefore it wasn't deemed cost effective given the relatively comfortable wider security portfolio.

6.1.5. Despite this, Rooftop benefits from an over-secured security position of **+£127.2m** amongst all its lenders, of which c. 49% comes from the excess security held with Nationwide. This surplus security could potentially be utilised and reallocated to future funding exercises. The headroom with Nationwide has reduced slightly since the 2025/26 ATS as some security has been released with Nationwide and retained unallocated with the security trustee since then.

6.1.6. Rooftop intends to dispose of two schemes (Weston and Hawthorns) currently charged to Nationwide in July and August 2026 respectively. These two schemes combined comprise 128 units and a £8.76m of EUV-SH value. Once these schemes are disposed, it will reduce the security headroom with Nationwide to £53.49m. **Rooftop should ensure it complies with the security release provisions in the Nationwide facility documentation when undertaking these disposals.**

6.1.7. It should be noted that the security headroom outlined in the table above will not always equate to additional release capacity, as there are other factors and requirements in the loan agreements that could affect this. Examples are security release provisions such as the coverage of a negative MtM position any potential increased asset cover thresholds on release and any Net Annual Income tests (e.g. bLEND and L&G) that are required to be met. These NRI tests in particularly can be quite onerous and heavily restrict security release capacity.

6.1.8. SFC would recommend leaving headroom (at least 5% of the value) in the security pots to protect against falls in the valuations, which is congruent with Rooftop's TMP.

6.1.9. Rooftop maintains an appropriate level of unencumbered/undesignated assets, representing **20% (1,417 units)** of the total portfolio. 843 of these units are charged to M&G and remain unallocated, whilst 574 are entirely unencumbered and in various stages of charging readiness. Rooftop is therefore currently compliant with the stipulation in its TMP that 2.5% of its total properties must remain unencumbered/uncharged to lenders.

6.1.10. The 693 unallocated and 391 unencumbered units have an EUV-SH valuation of £61.83m and an MV-ST valuation of £52.59m. For the purposes of this unencumbered analysis, SFC understands that all General Needs – Social Rent properties are assumed to be EUV-SH only whereas all Affordable Rented, Shared Ownership and Market Rented are assumed to be at VM-ST.

6.1.11. Assuming asset cover covenants of 110% and 125% (EUV-SH/MV-STT), this results in an approximate borrowing capacity of £98.3m. This is notwithstanding the high levels of security headroom on the existing charged facilities, which if accounted for add up to c. £225m in additional debt capacity for the overall security portfolio. It is worth noting that not all of the unencumbered units will be suitable for charging in reality.

7. Financial Covenants

7.1. Covenant Definitions

7.1.1. Rooftop is required to operate within a set of corporate financial covenants with its lenders that are tested against the organisation's financial performance. Failure to comply with these financial covenants can trigger an Event of Default within the loan agreement.

Covenant Type	Interest Cover	Gearing	Asset Cover	
Lender	EBITDA[3]	HPAV[4]	EUV-SH[5]	MV-T[6]
Nationwide	130%	70%	105%	135%
Lloyds	140%	70%	105%	135%
Santander	130%	70%	105%	125%
LGIM	-	-	105%	115%
bLEND	-	-	110%	120%
Golden Rule	+10%	-5%	+5%	+5%

7.2. Interest Cover

7.2.1. Interest cover is generally calculated by testing whether the adjusted EBITDA (adjusted operating surplus) covers a certain percentage of the annual interest costs. It is focused on Rooftop's ongoing ability to service its interest payments using monies generated through its cash-flow operations.

7.2.2. Rooftop successfully shifted from having an EBITDA-MRI definition to having an EBITDA-only definition with its three banking lenders, Nationwide, Lloyds and Santander (and therefore across its entire debt portfolio) as a result of the restructuring exercise in 2023 and 2024.

7.2.3. An EBITDA-only interest cover covenant is more flexible than an EBITDA MRI covenant as it does not deduct capitalised repair expenditure (MRI) from the calculation of operating surplus, meaning that the covenant headroom is significantly higher and more flexible allowing for further spend related to areas such as Net Zero Carbon.

7.2.4. Lenders do require a higher covenant ratio to offset this increased flexibility (which can often partially, or in some cases, erode all of the additional headroom generated). However, due to successful negotiations, this shift has resulted in significantly more headroom with all lenders.

[3] *Earnings Before Interest Tax Depreciation and Amortisation*
[4] *Housing Properties at Value*
[5] *Existing Use Value – Social Housing*
[6] *Market Value – Subject to Tenancy*

7.2.5. Rooftop has included the delivery of EPC C by 2030 and its SHDF Wave 3 commitments in its Plan. There has also been a significant estimated level of investment included to drive towards Net Zero Carbon.

7.2.6. The interest cover that provides the highest level of headroom sits with Santander. Whilst both Nationwide and Santander share the same threshold at 130% (lower than Lloyds' 140%), Santander's EBITDA definition adds back Impairment Costs (c£2m over the first 10 years) and Profit/Loss from Sale of Fixed Assets. This improves the EBITDA figure and, consequently, the interest cover.

7.2.7. Whilst Nationwide and Lloyds share similar definitions of EBITDA, Lloyds has a higher threshold at 140% and excludes the Profit/Loss from Sale of Fixed Assets, which makes it the most restrictive covenant throughout the life of the plan. Rooftop is bound by its most restrictive test first.

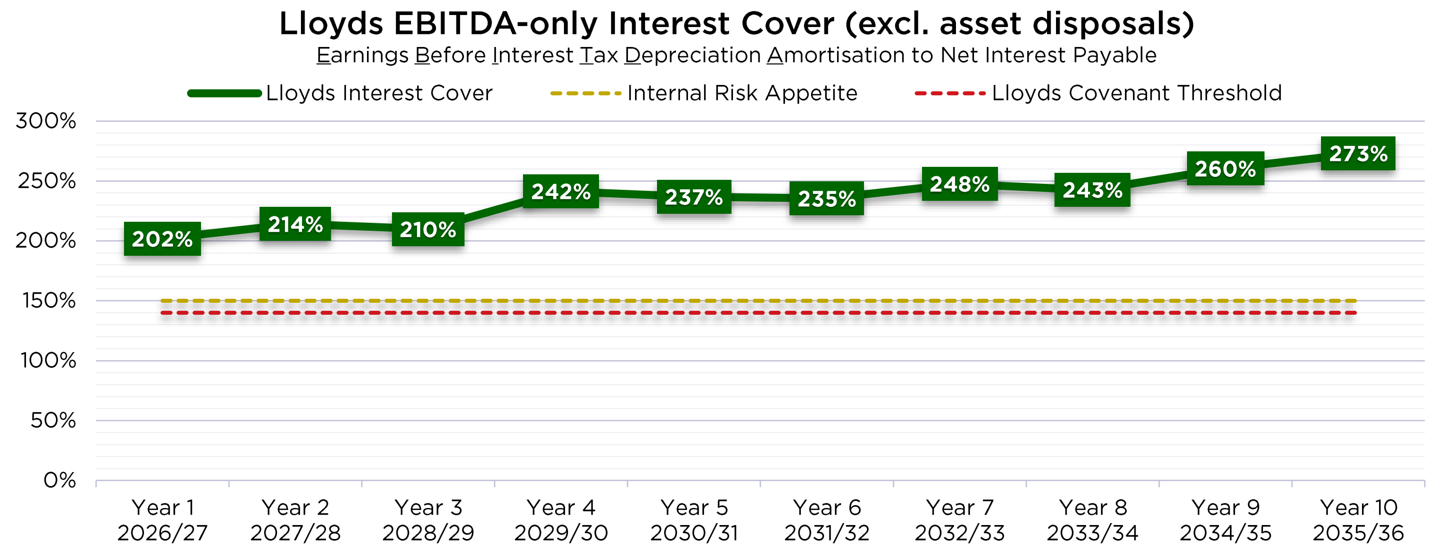
7.2.8. Rooftop has maintained a **void sales programme** in its 2026/27 Business Plan, in order to help fund development and improvements to existing properties as well as to potentially dispose of properties with poor energy efficiency.

7.2.9. This programme is projected to be material in Year 1 (2025/26), amounting to a surplus of c. £5.25m across 30 void sales, which has increased from 25 void sales last year. This is on top of an additional £4.42m of surplus across an existing suite of disposals which includes staircasing and a number of strategic scheme disposals including Weston and The Hawthorns (totalling 148 units in Year 1). Rooftop has included a medium-term assumption of 5 void sales per annum between Year 1 (2026/27) and Year 4 (2029/30).

7.2.10. This income is beneficial to the Santander interest cover covenant as it is captured by the definition but is excluded by Nationwide and Lloyds. Whilst it is a reasonable strategy and aligns with approaches taken by others in the sector, it is important to maintain a prudent view on covenant performance and liquidity management.

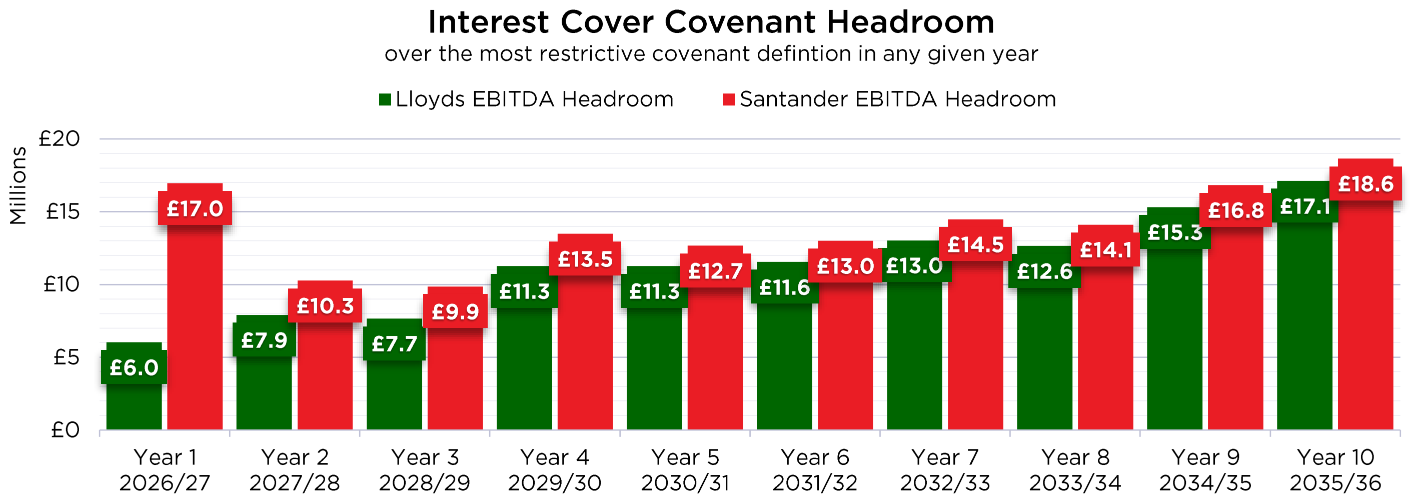
7.2.11. **Even if the interest cover covenants can be adjusted such that all calculations include the sales income, SFC would recommend that performance is maintained at a level that meets the covenant without the sales.**

7.2.12. As the most restrictive interest cover covenant, the Lloyds covenant has been profiled over the initial **10 years** of the Plan (for the purposes of the financial covenant charts, Rooftop's calculations have been used), the result of which is illustrated in the graph below:



7.2.13. The lowest interest cover level falls in Year 1 at 202%, which equates to an EBITDA headroom of £5m above the Golden Rule / Internal Risk Appetite limit. This represents a reasonable level of headroom excluding the income from asset sales and it is projected to increase significantly over the life of the plan - interest cover with Lloyds is forecast to reach 273% by Year 10 which results in EBITDA headroom above the Golden Rule of £15.8m.

7.2.14. The chart below illustrates the EBITDA headroom (above the respective **covenant thresholds**) provided by both Lloyds and Santander (with the latter allowing asset sale surpluses) for comparison, over the next 10 years of the Plan:



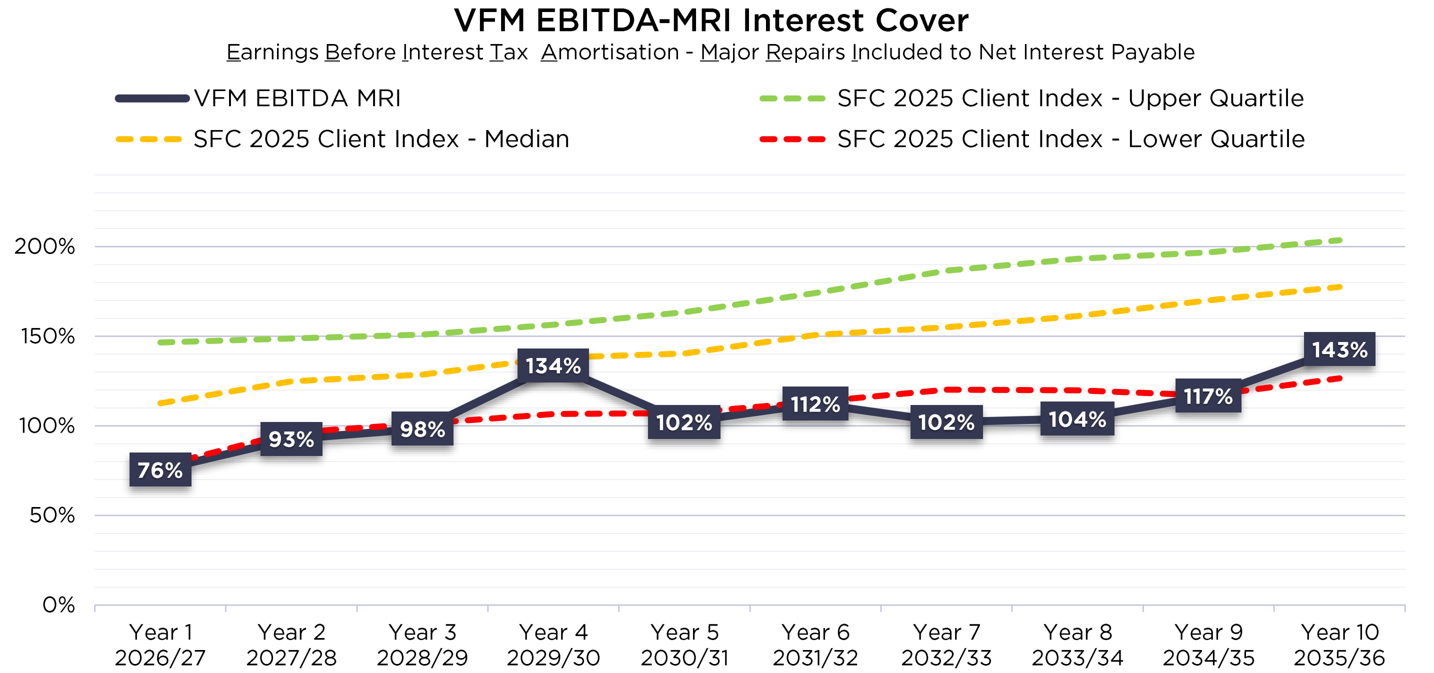
7.2.15. It can be seen that headroom is significantly higher in Year 1 for Santander, this is due to the large Surplus on the on Sale of Fixed Assets (c. £9.7m) in that year. Between Years 2 and 5, there is c£2m in additional headroom with Santander due to a combination of the lower threshold and the inclusion of Fixed Asset Sales. As mentioned previously however, Rooftop is always bound by its most restrictive covenant first.

7.2.16. Despite not having **EBITDA MRI** as part of its financial covenant suite anymore, the Regulator of Social Housing ("RSH") will still monitor EBITDA MRI interest cover and assess its performance (among a number of other ratios) to determine an RP's Viability Rating.

7.2.17. It will also continue to be an important credit metric for new and existing lenders to monitor and assess Rooftop's creditworthiness and will continued to be assessed by other external stakeholders such as credit rating agencies. It therefore remains a highly important metric for assessing the ongoing viability of an organisation.

7.2.18. As part of a new funding exercise, lenders will assess Rooftop's forward-looking EBITDA MRI performance which will impact the quality of the bids received.

7.2.19. For monitoring purposes, the EBITDA-MRI interest cover performance (which takes the RSH's VFM definition which now adds back capitalised major repair grants) has been modelled (using Rooftop calculations) and profiled over the next **10 years** of the plan, the result of which is shown below:



7.2.20. The EBITDA MRI performance has deteriorated slightly versus 2025/26 Business Plan due in large part to an increase in capitalised component costs.

7.2.21. The add-back of capitalised major repair grants improves the performance and keeps the minimum forecast performance at 76% in Year 1. In Years 1 to 3 these grants are composed of the SHDF Wave 3 grant funding as well remediation grant associated with Harrington Court. From Year 5 onwards, just under 50% of the Net Zero costs in the Plan have been assumed to be funded through grant.

7.2.22. This year's Business plan now includes c. £122m of Net Zero Carbon expenditure beyond 2030, as well as the expected cost of delivering EPC C by 2030, which brings capitalised expenditure **to c. £170m over the next 10 year period** (an increase from £124m reported in the 2025/26 ATS).

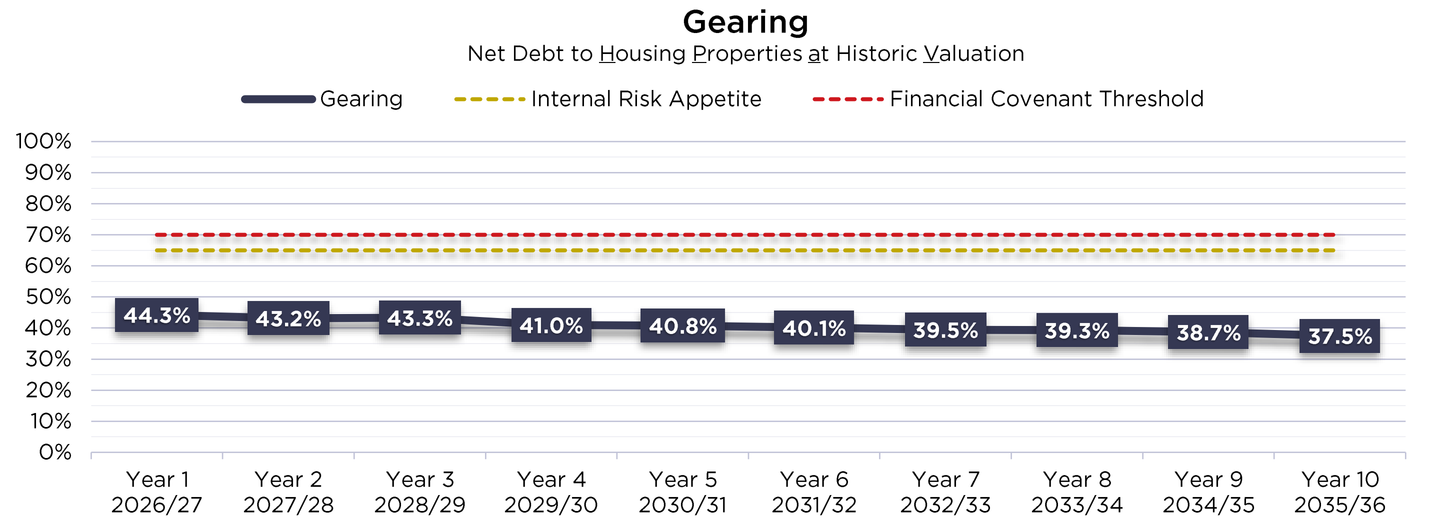
7.2.23. **SFC recommends that Rooftop continue to monitor this important metric and maintains a VFM-based EBITDA MRI interest cover target (i.e. including capitalised major repair grant add-back) of at least 100% as a rolling average over a 3-year period.** Whilst ideally the metric would be used as a Golden Rule/Internal Risk Appetite, SFC notes that this recommendation aligns with Rooftop's recently implemented corporate objective to achieve at least 100% VFM EBITDA MRI (i.e. with grant add-back) on average over the three years of the 2025-28 Corporate Plan.

7.3. Gearing

7.3.1. Rooftop has gearing tests with the three banking lenders. Gearing is focused on the borrowing levels of the Association as a proportion of its asset base – in other words ensuring that the business does not over-borrow.

7.3.2. Rooftop's gearing tests consists of a Net debt to Housing Properties At Valuation ("HPAV"- restricted to EUV-SH at social rent). All lenders share the same definitions (which include Properties under construction at cost less any grant received on these properties) and the same covenant threshold.

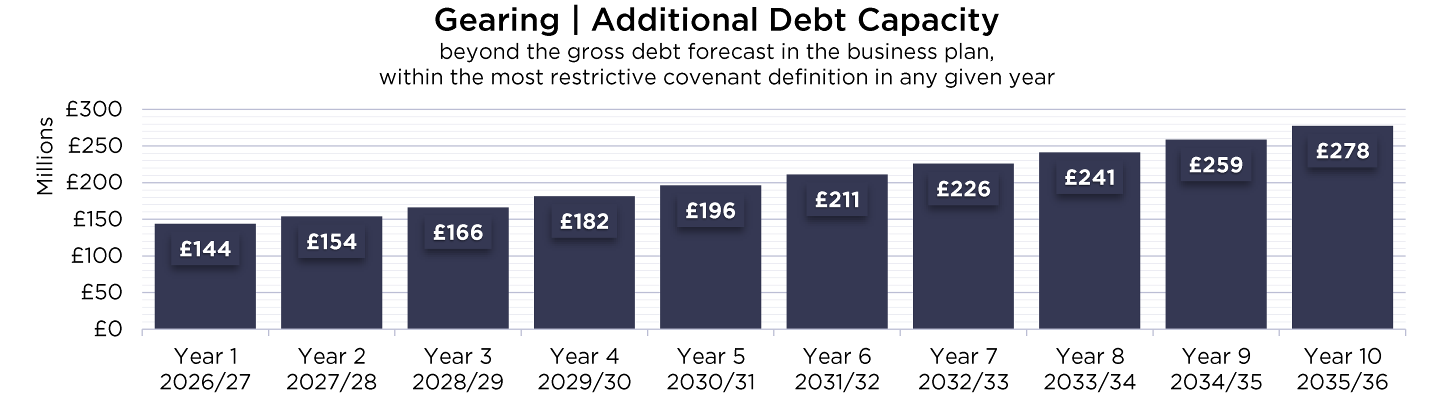
7.3.3. The Gearing covenant performance has been profiled over the initial **10 years** of the Plan (as per Rooftop's calculations), the result of which is illustrated in the graph below:



7.3.4. Gearing is at its highest in **Year 1 (2025/26)** of the Plan at a level of **44%**, which sits comfortably below Rooftop's Golden Rule (65%) and the 70% covenant threshold.

7.3.5. Gearing is then expected to come down steadily year-on-year, assisted by the large volume of disposals and void sales in Year 1 that are helping to fund this programme. Any changes to the development or disposal programme in the coming years or increases to Rooftop's capital investment programme could affect gearing adversely.

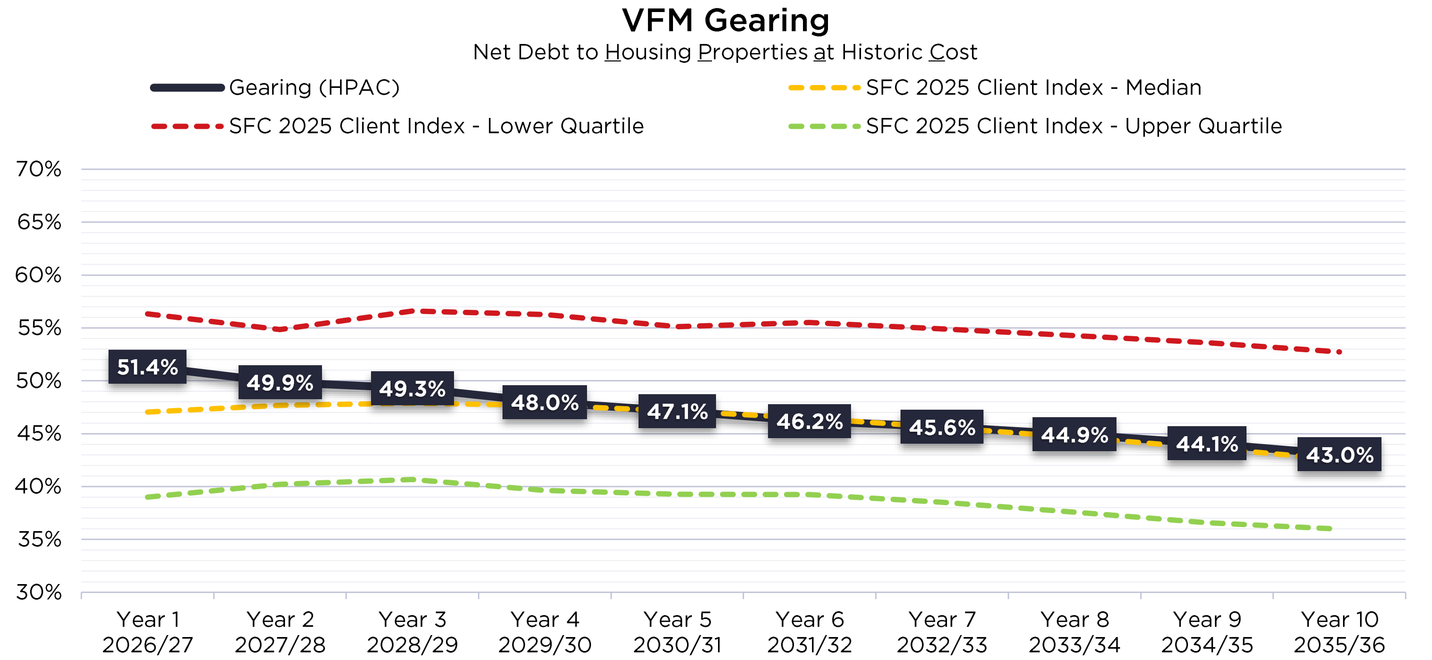
7.3.6. Gearing headroom has been calculated under the most restrictive covenant definition and profiled over the initial **10 years** of the plan, the result of which is shown in the graph below:



7.3.7. It illustrates that additional borrowing of around **£144m** could theoretically be supported initially (over and above the requirements of the Plan), rising over time and reaching £278m by Year 10.

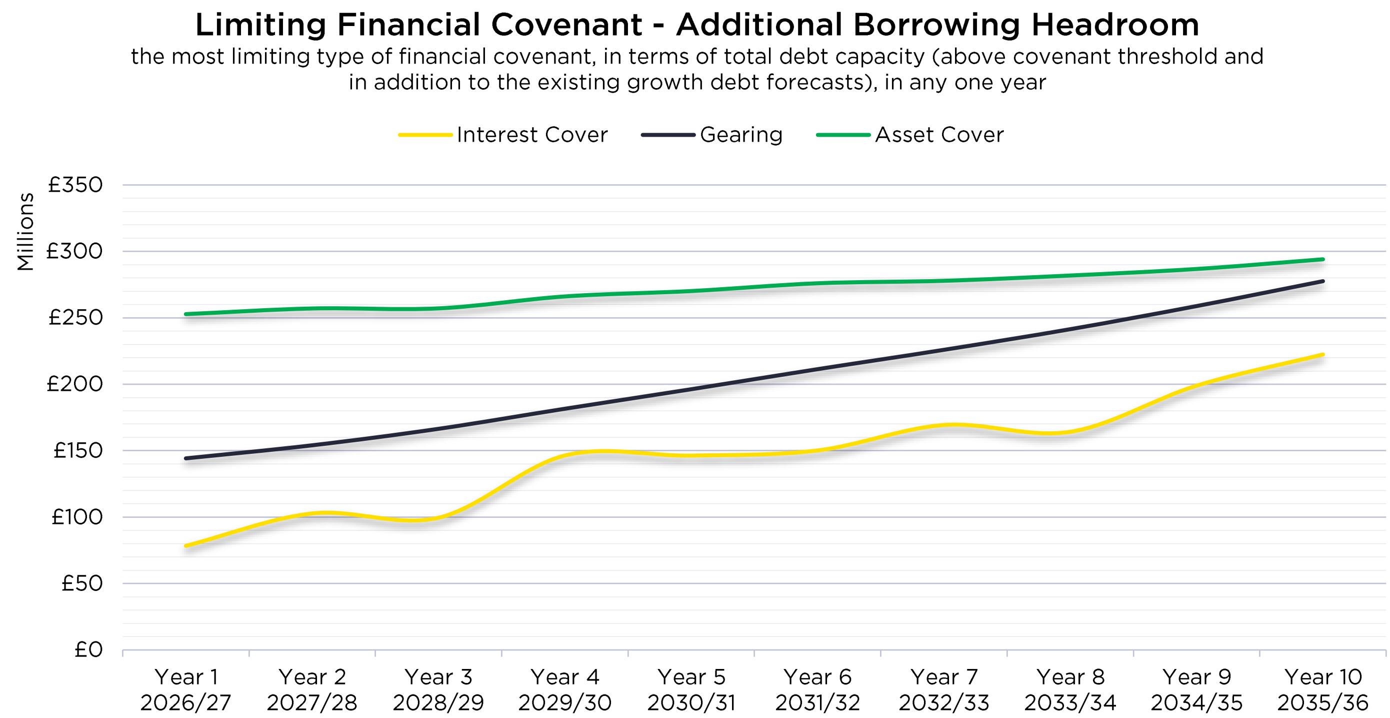
7.3.8. SFC continues to consider Rooftop's covenant suite as competitive in relation to what can be achieved in the current market place and no changes are proposed for the 2026/27 financial year.

7.3.9. For illustrative purposes, Rooftop's gearing projections of the **RSH's VFM gearing definition** (Housing Properties at Cost post depreciation) is shown in the chart below - it also includes a peer comparison against the performance of SFC's client index (based on c. 70 collated 2025/26 RP Business Plans – noting these are based on prior year plans):



7.3.1. Whilst Rooftop sits close to the third quartile in the early years of the Plan, it moves closer towards the median during the medium-term due to a front-loaded development programme and the cross-subsidy from the disposal receipts.

7.3.2. The overall additional borrowing capacity (above existing gross debt forecasts from the Plan) held within each of the key covenants (measure above the covenant threshold) is illustrated below:



7.3.3. Interest cover capacity has been calculated by taking the interest payable headroom on Rooftop's most restrictive existing EBITDA-only interest cover covenant (Lloyds) and assuming a 5.5% debt replacement interest rate.

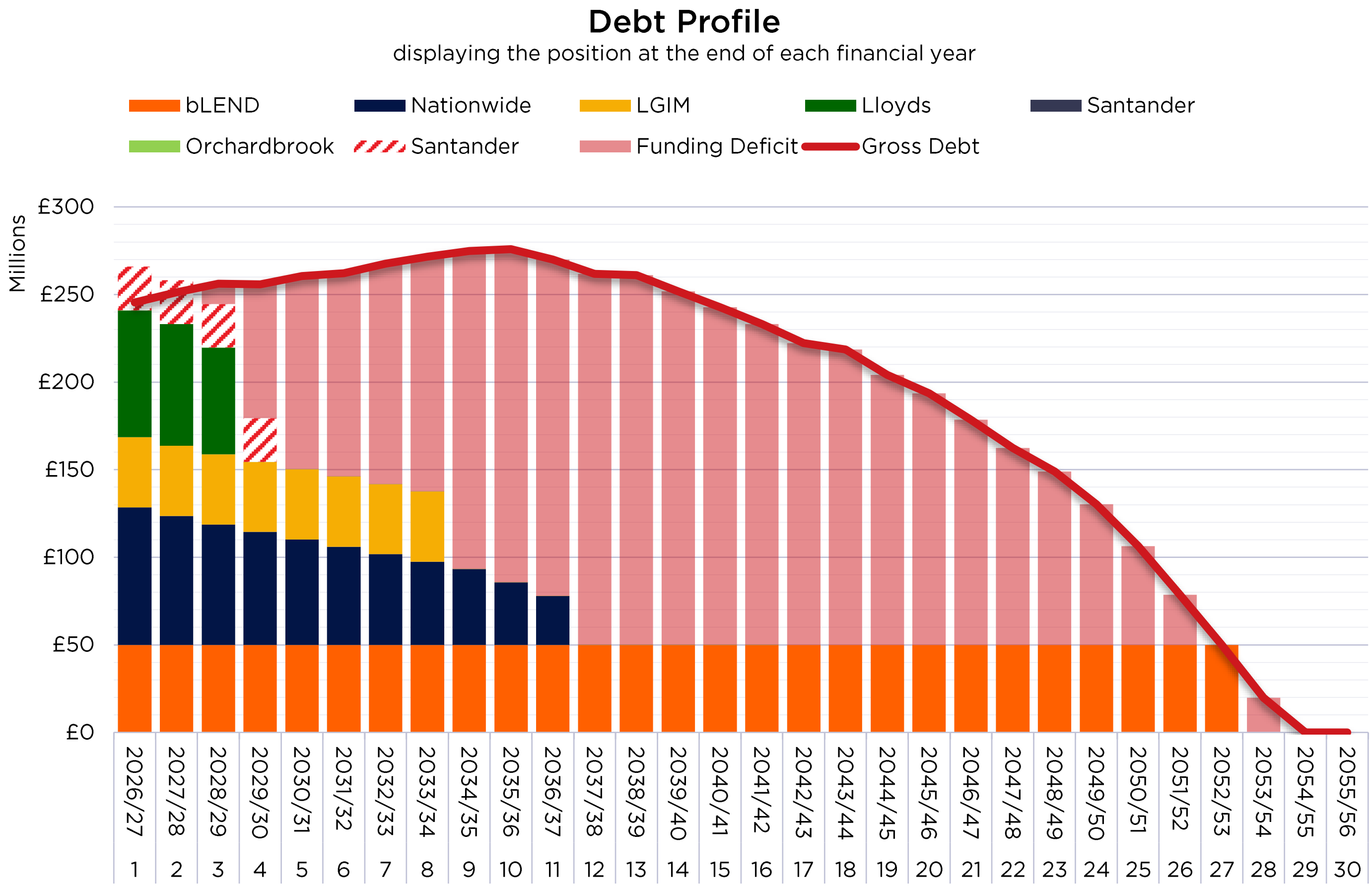
7.3.4. Whilst the chart above illustrates comfortable levels of additional borrowing headroom (above the additional borrowing already assumed in the Plan) within the financial covenant suite, in reality the **constraining factor will be the organisation's appetite for EBITDA-MRI interest cover levels moving forward**. Alongside this, there is a consequential impact of borrowing more on the organisation creditworthiness.

7.3.5. One way of assessing this impact more clearly is to undertake a **shadow credit rating assessment**, which SFC could support with, in order to illustrate the potential impact of additional borrowing/development on the organisation's credit standing and ability to borrow.

8. Funding Strategy

8.1. Debt Profile

8.1.1. The chart below is designed to illustrate the budgeted yearly debt profile under the latest Plan and how it is covered by the current funding commitments:



8.1.2. The red shaded area of the graph above illustrates the unfunded requirement. This is the term used to describe when an organisation has committed funding that is less than, and for a shorter duration than, its funding requirement.

8.1.3. Gross debt peaks at **£275m** in Year 10 (2026/27) and declines thereafter as the development programme ceases post Year 10 (12 years if you include the construction period assumption - see more detail below). This represents a significant shift in relation to last Year's business plan where development ceased after Year 3 and reflects the announcement of the new Social and Affordable Homes Programme ("SAHP") 2026 to 2036, as well as increased capitalised major repairs.

8.1.4. Despite this, the projected peak debt levels are expected to be repaid fully by Year 29 (2054/55) on a gross and net basis, which will be viewed favourably by prospective funders.

8.1.5. A summary of Rooftop's latest development programme over the next five years contained within the Plan is illustrated below:

Status	Tenure	2026/27	2027/28	2028/29	2029/30	2030/31	Total
Committed	Rented	101	-	-	-	-	**101**
	Shared Ownership	42	32	-	-	-	**74**
Uncommitted	Rented	7	35	0	40	21	**103**
	Shared Ownership	0	5	16	10	18	**49**
Total		150	72	16	50	39	**327**

8.1.6. Over the next five years, Rooftop has a development programme of 327 units within its Plan, of which **54% is committed** and **62% is Rented** (versus 38% Shared Ownership).

8.1.7. However, Rooftop now has a 12-year development programme contained within the Plan (reflecting a 4-year SAHP bid from 2027/28 and then Continuous Market Engagement thereafter for 9 years) which totals **503 units.** Of these, **35% are committed** and **64% is Rented.** This is therefore a material increase from the 2025/26 business plan, reflective of the new SAHP and additional development funded by the void sales programme.

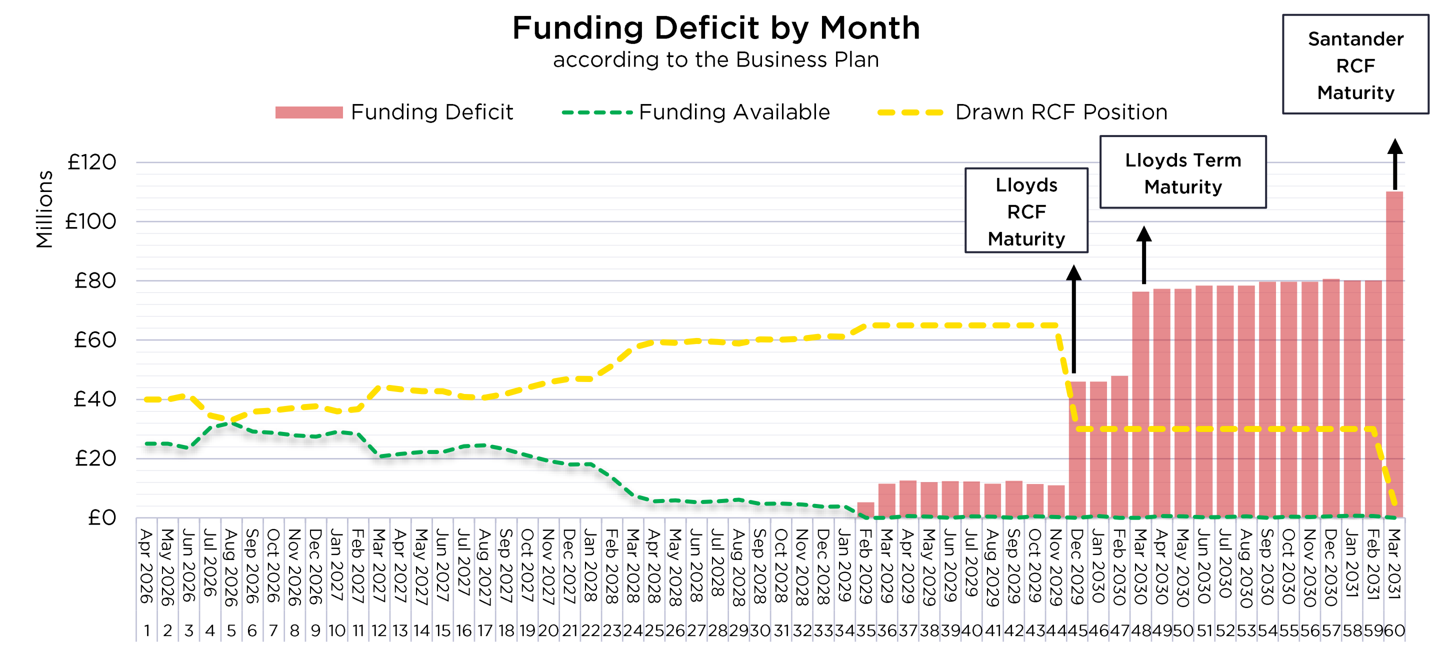
8.1.8. As referred to earlier, a proportion of the development and capital investment programme is being funded by Rooftop's disposal programme which is resulting in a forecast surplus of £9.67m in Year 1 and £1.06m in Year 2. This includes:

- 5 staircased SO units in Years 1 and 2
- 30 void sales in Year 1
- 5 EPC-related disposals p.a. in Years 1 – 4
- 108 identified strategic disposals in Year 1 that includes Weston (76 units) and The Hawthorns

8.1.9. Reliance on this sales income (and therefore market conditions) adds risk from a delivery and liquidity perspective, as a delay/reduction/suspension to these sales receipts can disrupt liquidity forecasts and add pressure to remaining undrawn liquidity. This is compounded in Rooftop's case as undrawn funding amounts are relatively low (£25m) and concentrate on a single funding source (the Santander RCF).

8.1.10. Based on current projections, Rooftop's current funding arrangements cover gross debt business requirements through the first two years of the Plan, with the Santander RCFs providing sufficient liquidity during that period.

8.1.11. Based on these assumptions, the first funding need arises in **February 2029 (35 months away)**, which then steps up in December 2029 with the maturity of the Lloyds RCF (although this facility has one extension option remaining). To illustrate this more clearly, the funding deficit projections on a monthly basis, for the next **5 years** of the Plan are illustrated below:

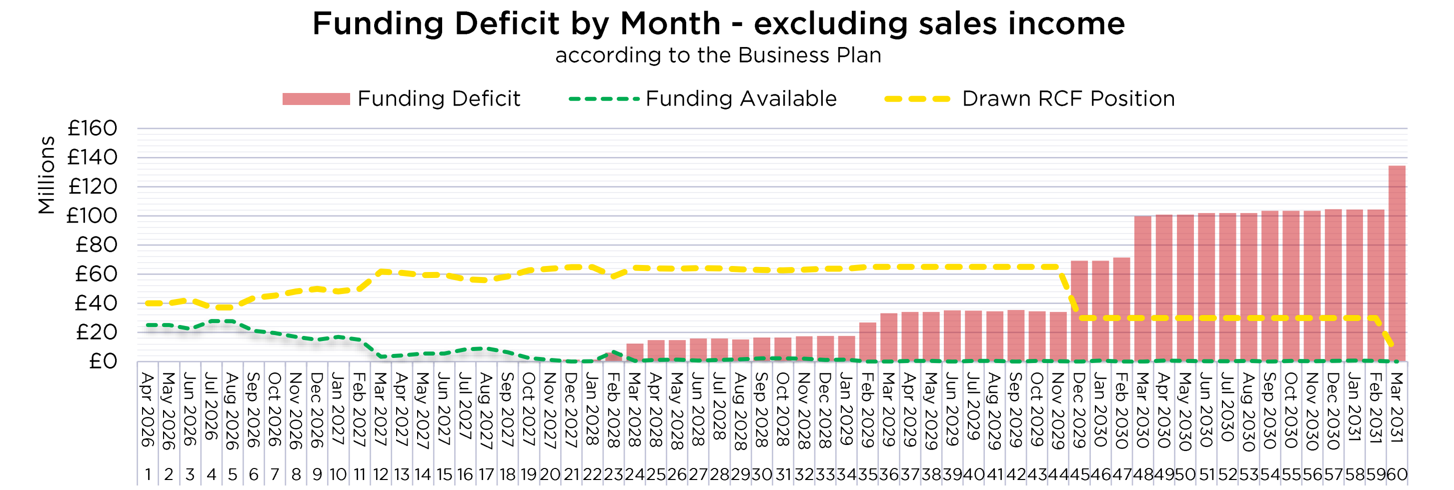


8.1.12. Based on the current projections and latest version of the Business Plan, Rooftop is estimated to have around <u>**35 months of liquidity**</u> before the first funding requirement – represented in the graph above. The TMP liquidity policy requires Rooftop to maintain **at least 18 months** of liquidity to cover the net cash requirements so Rooftop currently has a comfortable liquidity position. Note that for the purposes of Rooftop's liquidity policy projected asset sales income is cut by a third, which is not presented above.

8.1.13. However, what this does not accurately reflect is firstly, Rooftop's reliance on sales income to generate this position and secondly, the low levels of undrawn funding that persist in the intervening period.

8.1.14. For example, by Month 24, Rooftop is forecast to have only £5.6m of undrawn debt funding remaining that persists around this level for the next 10 months thereafter. This is a low level of undrawn liquidity, particularly when combined with Rooftop's reliance on sales income.

8.1.15. To illustrate this reliance and risk on sales income, SFC has illustrate the impact on liquidity projections if all sales income (except first tranche Shared Ownership) is removed entirely:

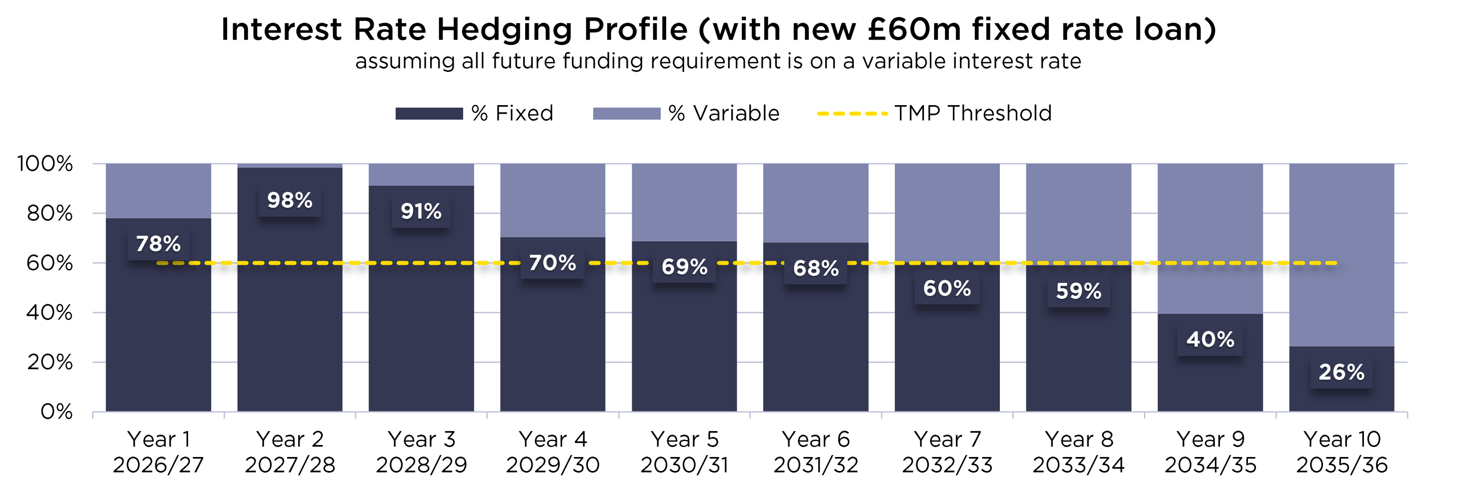


8.1.16. Whilst a worst-case scenario, it highlights the sales risk, with a funding deficit arising in Month 21 and available funding reaching a low of £3.3m in Month 12. Based on the analysis above, **SFC recommends that Rooftop procure up to £60m of additional medium-term funding (with maturities of at least 10 years) during the 2026/27 financial year in order to mitigate this liquidity and sales risk and term out the existing drawn RCF position to make the existing RCFs available for future drawing.**

8.1.17. Procuring up to £60m will allow Rooftop to full repay its drawn RCF position over the coming months reset them down to zero over the next two years.

8.1.18. **Term funding will also have the benefit of extending the WAL of the portfolio (cited previously as a medium-term ambition) and reduce the refinancing risk of the drawn RCF position. It will also provide Rooftop with the ability to increase interest rate risk protections if it desires and provide the the ability to fix at short notice whilst a volatile interest rate backdrop prevails.**

8.1.19. The chart below illustrates the impact on forecasted interest rate risk profile if a new £60m 10Y fixed rate loan was implemented (assumed to be fully drawn and fixed after an illustrative 1-year availability period), showing that Rooftop's fixed rate proportion would not fall to below 60% by Year 8:



8.2. Possible Funding Routes

8.2.1. Given the recommendation above, in this section SFC explores some of the potential recommended funding routes which could be utilised by Rooftop to fulfil its funding requirement.

Bank Term Funding

8.2.2. One obvious funding route would be to access traditional bank financing at the intermediate maturity range. This would have the key benefit of much greater simplicity, speed to market and less reporting burden than the alternative options described below. Rooftop can also leverage on the strength of its existing bank relationships.

8.2.3. Existing bank funders such as Nationwide and Santander have increased their funding pots to the sector and have the ability to offer loans of up to 10 years maturity, with various hedging instruments available – notably Nationwide still offer the ability to provided embedded fixed rate loans. SFC understands Lloyds are only able to offer up to 5 year funding and are therefore not under consideration.

8.2.4. In the particular case of Nationwide, opening up the conversation provides the possibility of restructuring the existing amortising term debt to help extend Rooftop's WAL and reduce refinancing risk. However, close consideration will need to be given towards retaining the economic value associated with the existing margins, the implications of restructuring the existing fixed rates as well as concentration risk.

8.2.5. The banking options also have the advantage of typically offering up to 1 year availability periods (in some cases 2 years) to help manage cost of carry. In the case of Nationwide, they are able to offer a unique RCF/term product where the 10 year loan functions as an RCF until it is fixed.

8.2.6. Due to the shape of the interest rate swap curve compared to the gilt curve, this route to market is significantly more cost effective than the financing routes through the debt capital markets, such as bond aggregator vehicles and private placements (i.e. extending M&G's debt further).

8.2.7. SFC would recommend approaching some wider banks in order to maximise competitive tension, such as NatWest, Unity Trust Bank and Danske (all up to 15Y).

8.2.8. **Strengths:** Medium-term debt on offer; existing relationships; flexibility around hedging; can be used for general corporate purposes; less reporting burden; pricing advantage relative to the debt capital markets offering.

8.2.9. **Weaknesses:** security required; market-standard pricing (i.e. less competitive than the guaranteed products described below); 10 to 15 year maximum tenor.

Retrofit Funding

8.2.10. A number of the key lenders to the sector have developed funding products aimed at supporting Net Zero Carbon transition and retrofit, with some flexible features and is available to UK registered providers of social housing. These products benefit from a Government Guarantee (through the National Wealth Fund or "NWF", previously the National Infrastructure Bank) to help improve pricing.

8.2.11. So far, these products have been made available from NatWest, Lloyds, Barclays and The Housing Finance Corporation ("THFC"):

NWF-Backed Retrofit Product	NatWest	LLOYDS	BARCLAYS	
Notional	£10m - £50m	£15m - £50m	£10m - £50m	£6m - £100m
Tenor	10-20Y	5Y (+1 EXT)	10Y, 15Y	15-17Y
Margin	0.85-1.25%	0.80-0.90%	1.15%-1.25%	0.80%-1.00%
Arrangement fee	0.50%	0.40%	1.00%	0.60% - 0.80%
Availability period	3Y	4Y	5Y	-
Security	Unsecured	Unsecured	Unsecured (10Y) or Part – Secured (15y 1st 5 years unsecured)	50% secured/50% unsecured

8.2.12. Key benefits to this funding route is the attractive pricing (relative to standard bank terms) and the unsecured funding element.

8.2.13. The most important consideration is that these are Use of Proceeds ("UoP") term loans. This means that loan proceeds must be used on 'Eligible Projects' – these are generally aligned across the funders but there will be some differences between them. Examples of these Eligible Projects generally include the installation of technologies and materials that improve energy efficiency of homes or reduce emissions, but some lenders are more flexible than others. Barclays Eligible Projects are listed here: https://www.barclayscorporate.com/insights/industry-expertise/social-housing-retrofit-proposition/ .

8.2.14. As a UoP loan Rooftop would have to comply with enhanced monitoring and reporting around its retrofit expenditure and allocation of the proceeds, however this is on a self-certification basis, and no external verification is needed. Non-compliance with these requirements can differ between the funders but generally results in a reversion to market-margins (i.e. a pricing increase) and in some cases, an event of default scenario.

8.2.15. The hedging mechanics also differ between the funders – some are able to offer embedded fixed rate loans (e.g. Barclays) whilst others can only offer standalone hedging (e.g. NatWest), which Rooftop would have to become comfortable with.

8.2.16. SFC assesses that from a high-level either the Barclays or NatWest products would be most appropriate to Rooftop due to the tenor offered and the impact on Rooftop's WAL. The THFC product is not recommended to be considered at this time as it prices off the Gilt curve and suffers a pricing disadvantage due to this. As new bank funders to Rooftop, SFC would need to explore whether Rooftop is able to take out a retrofit loan with them as their debut loan.

8.2.17. **Strengths:** Ability to be unsecured; sub-market pricing due to NWF guarantee; medium-term debt on offer; flexibility around hedging; existing relationship so due diligence should be minimal and potential efficiencies around documentation, security and administration.

8.2.18. **Weaknesses:** specific use-of-proceeds (i.e. retrofit); enhanced reporting and monitoring requirements; various hedging routes.

8.2.19. **SFC recommends that Rooftop should explore the Eligible Projects under these products and investigate whether there is opportunity in the capital investment programme to meet this criteria and benefit from this funding product.**

<u>Affordable Homes Guarantee Scheme ("AHGS")</u>

8.2.20. AHGS is the £6bn government-guaranteed bond programme administered by ARA Venn that helps fund the delivery of new affordable housing in the UK. Saltaire Finance, a subsidiary of ARA Venn, acts as a bond aggregator vehicle by issuing public bonds and then on-lending the proceeds to numerous housing associations.

8.2.21. A key feature of AHGS is the pricing benefit it receives versus alternative sources of long-term funding as a result of the government's guarantee which contractually binds the government to 'make whole' the bond in the case of issuer default.

8.2.22. This means the bonds are materially less risky to standalone housing association bonds and bonds that are guaranteed, driving the credit spread lower (ranging between 0.3% - 0.5% depending on the maturities available, currently a range between 2033 and 2053). The borrower has the ability to select a specific tenor within that range to fit their existing maturity profile.

8.2.23. Another key benefit is the light touch financial and security covenants, with an EBITDA-only interest cover covenant and no gearing covenant.

8.2.24. There is no availability period with this funding product, however borrowers are able to fix the price upfront and defer the proceeds for up to 2 years.

8.2.25. A downside to the AHGS scheme is the lengthy and resource-intensive application process which follows a two-stage approval from both ARA Venn and Homes England – the process can take up to 5-6 months from initial submission to funds received. Thorough due diligence will be undertaken by ARA Venn who will require interviews with various Executive Directors and Board Members. They also expect an in-person visit and a stock tour.

8.2.26. There is a risk that Rooftop does not get approved by ARA Venn or Homes England however generally these credit rejections have been rare in the sector.

8.2.27. Another key disadvantage of this funding route is that the use of funding is specific and controlled. The Government wishes to ensure the Scheme is being used exclusively for the delivery of more affordable housing and requires monitoring so that it can establish how successful the funding has been.

8.2.28. This means that any funding application to the Scheme must be accompanied by a list of identified development schemes which will be funded using the proceeds (£ for £). The key is to get any development schemes that are contemplated included on the application so that the development schemes are registered to the scheme whether Rooftop decides to proceed or not.

8.2.29. Schemes to be funded must start on-site (which is defined by Homes England's definition for Start on Site) within 24 months from drawdown (this is to be extended to 36 months during 2024). This can include schemes that start onsite from commencement of application, not just drawdown. The application amount can be split into two tranches, if required, but drawn within a 12-month period typically.

8.2.30. ARA Venn enhanced the scheme in 2024 to deploy AHGS funding into existing homes. The funds are accessible on a 50/50 basis so RPs will be able to access the funding up to the amount it is investing in new development delivery.

8.2.31. This investment in existing homes is not just limited to decarbonisation and energy efficiency, but also includes building safety or housing decency investment, which must be delivered within at least 72 months of drawdown.

8.2.32. The deadline for applications to the AHGS has also extended from 2026 to 2028, and the funding route has remained popular with housing association borrowers over 2025 and into 2026. SFC does understand however that Venn has visibility on the full £6bn now within its pipeline and is urging remaining interested borrowers to submit an application sooner rather than later.

8.2.33. **Strengths:** Medium and long-term debt on offer; fixed-rate coupon; sub-market pricing due to Government guarantee, light-touch covenants.

8.2.34. **Weaknesses:** specific use-of-proceeds (i.e. development and existing homes investment); enhanced reporting and monitoring requirements; credit-approval risk; expensive prepayment penalties; lengthy and resource-intensive application process; prices off gilt yields; ongoing management fee.

8.2.35. **Conclusion:** given that a high proportion of Rooftop's current developments are currently on site and would therefore not be eligible, and that there is a high degree of uncertainty on the timing and profiling of Rooftop's uncommitted development programme, SFC does not assess the AHGS to be the most appropriate funding source at this time.

The Housing Finance Corporation ("THFC")

8.2.36. This bond-aggregator is a long-term funding route that is familiar to Rooftop as the organisation has funded through its subsidiary bLEND in the past (2020).

8.2.37. Whilst not benefitting from the government-guaranteed pricing differential that the AHGS benefits from, it does allow Rooftop to access pricing from the public bond markets as well as a high amount of tenors ranging from 2032 to 2056.

8.2.38. Whilst public bond spreads are significantly tighter than medium-term bank market margins, this funding route does price off gilt yields (which are materially higher than swap rates currently), meaning overall it suffers from an all-in price disadvantage.

8.2.39. As a Social Bond, the use of proceeds are less restrictive than the AHGS and can be used to "the purchase, acquisition, development, repair and/or improvement of property to be used for housing or the refinancing of existing loans for such purpose" and overall the reporting and monitoring requirements are much lighter.

8.2.40. An 'Instalment Fee Facility' can be put in place, helping to reduce upfront costs. An arrangement fee of only 0.1% is paid on completion, with an additional 0.1% paid p.a. up to a maximum of 0.7% overall, with the remaining balance paid on drawdown. If the facility availability period expires (24 months) and is not renewed, only that arrangement fees paid up until that point are incurred.

8.2.41. The facility would allow Rooftop to price and drawdown the fixed rate funding through the capital markets within the 24 month availability period (credit approval would need to be refreshed every 12 months), such to prevailing market conditions and investor demand.

8.2.42. The effective interest rate will be fixed on the Pricing Date and the loan will be advanced in an amount ("Gross Proceeds") which may be at a premium or discount to the drawdown amount such that the effective Interest Rate reflects the market rate at the Pricing Date and any deferral premium (if applicable).

8.2.43. The covenant suite is light-touch compared to the banking market, with no interest cover or gearing covenant (only asset cover applies).

8.2.44. **Strengths:** Medium and long-term debt on offer; fixed-rate coupon; instalment fee facility approach, light-touch covenants.

8.2.45. **Weaknesses:** pricing disadvantages as prices off gilt yields; ongoing management fee; expensive prepayment penalties; treatment of unpriced/undrawn funding from a liquidity perspective.

8.2.46. **Conclusion:** SFC assesses that medium-term bank funding provides a more cost effective and appropriate funding route given current market conditions and the interest rate backdrop.

8.3. Indicative Pricing Comparison

8.3.1. The table below shows the indicative all-in pricing comparison of various funding routes available to Rooftop as of 01 May 2026 (note that it excludes upfront arrangement fees but includes ongoing management fees and hedging charges).

8.3.2. It can be seen that bank term loan funding is one of the most cost effective funding routes currently, particularly if Rooftop opt to hedge for a shorter duration than the underlying loan maturity to benefit from the shape of the swaps curve.

8.3.3. Note that that the retrofit funding products could also benefit from a similar pricing advantage by hedging shorter (which is not reflected in the table below) however Rooftop would likely need to be comfortable with loan-linked or standalone interest rate hedging.

Rank	Product Matrix	Tenor	Coupon	Benchmark Yield	Effective All-In Spread	Effective All-In Rate
1	Lloyds 5Y Retrofit	5.0	5.330%	4.280%	1.050%	**5.330%**
2	AHGS 2033	7.6	4.818%	4.815%	0.529%	**5.344%**
3	Bank 10Y (5Y Fix)	10.0	5.730%	4.280%	1.450%	**5.465%**
4	Bank 15Y (5Y Fix)	15.0	5.830%	4.280%	1.550%	**5.477%**
5	NatWest 10Y Retrofit	10.0	5.574%	4.524%	1.050%	**5.574%**
6	AHGS 2035	9.3	4.998%	4.993%	0.589%	**5.582%**
7	AHGS 2036	10.6	4.815%	5.140%	0.532%	**5.673%**
8	bLEND 2032	6.1	5.260%	4.710%	1.034%	**5.744%**
9	AHGS 2038 (New)	11.7	3.750%	5.215%	0.618%	**5.832%**
10	AHGS 2041	15.0	5.401%	5.399%	0.604%	**6.003%**
11	Bank 10Y (Fixed)	10.0	6.024%	4.524%	1.500%	**6.024%**
12	Barclays 15Y Retrofit	15.0	6.155%	4.755%	1.400%	**6.155%**
13	AHGS 2045 (New)	18.7	3.500%	5.579%	0.602%	**6.180%**
14	AHGS 2053	26.9	4.809%	5.694%	0.500%	**6.193%**
15	AHGS 2050 (New)	24.5	0.625%	5.650%	0.602%	**6.252%**
16	Bank 15Y	15.0	6.455%	4.755%	1.700%	**6.455%**
17	Private Placement 10Y	10.0	6.540%	5.140%	1.400%	**6.540%**
18	MorHomes 2038	11.8	3.400%	5.236%	1.341%	**6.577%**
19	bLEND 2054	27.9	2.922%	5.688%	1.014%	**6.702%**
20	THFC 17Y Retrofit	17.0	6.714%	5.544%	1.170%	**6.714%**
21	bLEND 2047	21.4	3.459%	5.646%	1.075%	**6.721%**
22	Private Placement 20Y	20.0	7.106%	5.606%	1.500%	**7.106%**
23	Private Placement 30Y	30.0	7.152%	5.652%	1.500%	**7.152%**

8.4. Funding Recommendations

8.4.1. Given the factors and information provided above, SFC recommends the following funding strategy:

- To procure a new medium-term bank loan or other similar financing product (between 10 and 15 year tenor) for an amount up to £60m, with anticipated completion date by December 2026 in order to reduce refinancing risk and increase Rooftop's WAL;
- To approach Rooftop's existing bank funders in order to procure this new funding but also a targeted list of new funders (e.g. NatWest, Unity Trust Bank etc);
- To utilise some of the proceeds of the loan to repay the existing drawn RCF positions but also ensure appropriate availability periods are structured to allow delayed drawdown;
- To consider the possibility of restructuring some of the existing bank term debt as part of these negotiations, if the offered terms are attractive to Rooftop;
- To explore the capacity within Rooftop's capital investment programme to procure a new retrofit funding product (for the avoidance of doubt, any retrofit loan would form part of the total maximum £60m amount); and
- To consider fixing some or part of the new term loans to increase Rooftop's interest rate risk protections, subject to market conditions. Further consideration will be given to this recommendation closer to the time.

Prepared by:
Savills Financial Consultants
May 2026

Appendix 1 | Market Update (Attached Separately)

Appendix 2 | Glossary of Funding and Treasury Terms

Agent	Organisation that puts a loan together usually on behalf of a syndicate of lenders
All-in interest rate	The total amount that is paid on the amount drawn expressed as a percentage payable annually. This includes the underlying base rate of interest, the interest margin, and any associated interest costs. It is comprised as follows: cost of funds (see below) + MLAs (see below) + margin (see below).
Amortising	A loan or interest rate swap that has an agreed repayment attached to it as opposed to a bullet repayment that is fully repaid at the end date.
Annuity	A loan that is repaid by reference to an "annuity formula" that derives an annual or monthly repayment that includes both loan capital and interest. Usually applied to a repayment mortgage.
Arrangement fees	Payable to the lenders as an up-front fee based upon a percentage of the amount to be made available.
Asset cover	The ratio of the valuation for loan security purposes to the projected drawings at a specified time. Funders typically expect that this figure, expressed as a percentage, so, to be greater than 110%.
Base rate	Interest rate set by the Bank of England. Also referred to as "Official Bank Rate"
Basis point	0.01%. Often abbreviated to bps and used to express margins and NUFs e.g., 50 (0.5) or 135bp (1.35%).
Basis swap	A standalone swap swapping one basis of payment under Libor with another e.g., pay 3-month Libor and receive 1 month Libor 9plus a premium as appropriate). Used to match underlying loan obligations.
Break cost/(gain)	The cost (or benefit) to redeem a fixed rate loan before its final maturity date
Bonds	Tradable (can be bought and sold) fixed rate loan
Bullet	A loan or interest rate swap that is repaid in full at the maturity date
Callable/ Cancellable Swap	Where the lender has the right (but not obligation) to request a fixed rate revert to variable rate on a specific date
Cap	An agreement that sets an upper limit to which the variable interest rate the Company pays can rise. The cost of a cap is usually paid in advance as a premium.
Charges	The legal pledges of assets to lenders as security. These can either be fixed charges, over specific assets, or floating charges, over the business as a whole. In the case of a winding-up the holders of fixed charge security are repaid before the holders of floating charges.
Collar	Combines an upper limit (cap) with a lower limit (floor) for variable interest rates. The levels of the cap and floor can be set so that no premium is payable.
Commitment	The total loan that a lender has made available to the Company (whether drawn or not).
Cost of carry	The cost of carrying or holding a position. In the capital markets it is the difference between the interest generated on a cash instrument and the cost of funds to finance the position.
Cost of funds	The rate of interest that the lender is paying on the money that is on-lent to the Company.
Coupon	The face rate of interest payable on a bond
Counterparty	A financial institution with whom you transact e.g., a bank
Covenants	Conditions in the loan documentation that will have to be met by the Company. Although they will include a wide range of issues, they include the financial covenants and ratios, which set out targets for the Company's performance.
CPI	Consumer Price Index - a measure of changes in the price level of a basket of consumer goods and services purchased by households. Movements in CPI represent a rate of inflation. This is sometimes referred to as headline inflation and is the inflation measure that will (from April 2015) be used to set rents and is the measure that is most used by the government and professional economists.

CSA	Credit Support Annex The section of ISDA swap agreement that sets out the security arrangements for the swap
Derivative	A transaction whose value depends on the value of an underlying asset, reference rate or index. Common derivatives are swaps, caps and collars.
Drawings	The total amount of the available loan that has been used. This is sometimes known as the drawn amount. Compare with the undrawn amount, which is the amount available, but not yet used.
EUV or EUV-SH	Existing Use Value or Existing Use Value – Social Housing A valuation that is derived using a discounted cashflow of the future cashflows of an organisation – effectively the value of the stock if purchased by another social landlord
Facility	A loan where the borrowing does not have to be taken all at once at the start. A facility will normally allow several years to draw the loan down in full.
Financial instruments	Collective term used for financial packages e.g., equity (shares), loans or others such as SWAPS.
FCA	Financial Conduct Authority – the organisation responsible for overseeing the Financial Services Industry
Fixed Charges	Legal pledges of assets to lenders as security for a loan. In Scotland this takes the form of a Standard Security.
Fixed Rate Loan	A Loan that has its interest rate fixed for a specific period of time. E.g., 10 years. Defined as a minimum maturity of 12 months.
Fixed interest rates	Rates set for a specified period, which will remain constant during the period of the fixing. They are readily available for periods of up to ten years and can often be obtained for longer periods if desired. Fixed rate funding is usually made available by the lender entering into an interest rate swap.
Floating charge	Legal pledge of all assets owned by the association which ranks after any fixed charges in place. Often taken as a "lightweight floating charge" so that it may be enforced by a lender only in certain special circumstances e.g., insolvency.
Forward rate	Interest rate agreed today that will start on a specified date in the future – used regularly with fixed rates e.g., where fixed rates are increasing it might be prudent to fix at a future date now, rather than risk a market spike in the future.
Gearing	Relationship between shareholder funds and debt for associations usually defined as grants plus reserves to debt or historical costs to debt.
Gilts	Bonds issued by the government to borrow from the markets. The return that borrowers earn on these bonds is known as the yield. The yield for a particular maturity of gilt is used as a benchmark for fixed interest rates.
GDP	Gross Domestic Product is one of the primary indicators used to gauge the health of a country's economy. It is defined as the total market value of all final goods and services produced in a country in a given year, equal to total consumer, investment and government spending, plus the value of exports, minus the value of imports.
Hedge Accounting	A method of accounting where entries for the ownership of a security and the opposing hedge are treated as one. Used to reduce the potential volatility in reporting hedging instruments in statutory accounts.
Hedging	Techniques that are employed to limit risk.
IFRS	International Financial Reporting Standards – International accounting reporting standards that are due to be implemented in 2015.
Index-linked funding	Loans where the rate of interest is linked to the rate of inflation.
ISDA	International Swaps and Derivatives Association.
ISDA Agreement	A standard legal agreement governing interest rate derivative transactions published by ISDA.
IAS	International Accounting Standards

Inflation swap	An interest rate swap where the rate payable is determined by reference to the annual inflation rate (generally September RPI to match rent increases). This can either be on a "year on year" basis where inflation is added to an agreed "coupon" to get the annual rate of interest, or it can be a cumulative rate uplifted annually by inflation to match the rental stream.
Interest cover	An annual or quarterly financial test where the lender sets a minimum proportion whereby the net income available to service debt must exceed the interest on loans.
Interest margin	The margin payable over and above the base rate of interest (fixed or variable) set by the lender and representing the profit element on the loan.
Liquidity	Reference to the amount of cash or near cash 9e.g. overdraft, revolving credit or secured but undrawn loans) that you have available at any one time.
LSVTs	Large Scale Voluntary Transfer (of council housing stock)
Mandation	The formal appointment of the lenders.
Margin	That part of the all-in interest rate that represents the lender's profit.
Money Laundering	Process whereby money derived from illegal activity is made to look legitimate
Money Market Fund	A pooled investment fund that adheres to strict liquidity rules and as such are deemed to attract a AAA rating.
MTM	Mark to Market This is a term used for the valuation of an interest rate swap; effectively the breakage cost of the swap based on the difference between current market rates and the original rate on the transaction.
MV or MV-T	Market Value or Market Value subject to Tenancy A value base on the open market value but discounted to reflect the tenancy/occupation.
NHF	National Housing Federation
Non-utilisation Fees	Also known as Commitment Fees. The amount a lender charges on loans arranged but not drawn because it has to cover the cost of holding the loan available but not drawn. Usually around half the level of the margin.
Option	The right but not the obligation.
Prepayment penalty	Amount that has to be paid if a loan is repaid before a certain date
Repayment profile	An agreed schedule that sets out the amount of capital (principal) that must be repaid by a certain date. The repayment profile or schedule is usually built into the loan agreement and sets out either amounts of debt to be repaid or percentages or the original amount borrowed.
Refinancing risk	The risk that the Company will be forced to raise new loans at a time that is disadvantageous.
Re-set Risk	The risk of a high proportion of fixed rate debt maturity at any one point in time where rates may be high
Renewable / Extendible facilities	Loans where the original repayment date can be extended with the agreement of the lender. Because the lender always has the option to refuse a requested extension, such facilities carry an inherent refinancing risk.
Revolving facility	A facility that can be drawn, repaid and subsequently drawn again. It works much like an overdraft.
Rollover periods	The period for which LIBOR rate is agreed; this can be any period but is usually 1,3,6,9 and 12 months.
RPI	Retail Price Index - a measure of the general level of prices. Movements in RPI represent a rate of inflation. This is the inflation measure that will (to March 2015) be used to set rents.
Security	Assets that are charged to the lenders who will be free to sell, or use them in some other way, to obtain the repayment of their loans in the case of default.

Security Trustee	The entity holding the various security interests created on trust for the various creditors, such as banks or bondholders. This structure avoids granting security separately to all creditors which would be costly and impractical.
Sensitivity analysis	A technique that is used to identify strengths and weaknesses in financial models. It involves changing one assumption, whilst leaving all others unchanged. It is sometimes called what-if analysis.
SLIC	Social Letting Interest Coverage captures the ability of the surplus from the low-risk social housing letting landlord business to cover net interest expense. This metric reflects the ability of the core operations to service interest payments on debt. Revenues from social rent less social rent expenditure divided by net cash interest paid (cash interest paid net of interest income received).
SONIA	SONIA (Sterling Overnight Index Average) is the underlying rate administered by the Bank of England which has succeeded the outgoing LIBOR as the market standard interest rate benchmark in the UK. SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.
Swap	An agreement between two parties whereby one agrees with the other to exchange the obligation to make variable interest rate payments for the obligation to make fixed interest rate payments. These are derivative instruments that are traded on the London money market. Swap prices are freely available from Reuters. Lenders will use swaps to convert variable rate funding into fixed rate finance to on-lend to the Company.
Syndicate	A group of lenders that have formed into a group to provide the loans.
Tap issue	Where an issuer of a bond undertakes an additional issue under the same bond structure allowing investors to advance more funds.
Term loan	A loan that is repayable in line with an agreed repayment profile and where the money repaid is cancelled and not able to be drawn again.
Terming out	Where a revolving or short-term loan is converted into a long-term loan.
Valuation for loan security purposes	An independent valuation that is prepared for the lenders who are advancing loans. It is generally calculated using either a EUV-SH or MV-T basis of evaluation.
Variable Rate Loans	Loans with interest rates that vary in line with the basis set e.g., Base Rate/SONIA