

## SCHEDULE 18 - PERMITTED INVESTMENTS

All investments in accordance with this Schedule 18 (Permitted Investments) shall be deemed to be Permitted Investments:

1. All investment shall be in Sterling cash deposits in a bank or building society with an external rating of BBB- (or equivalent) or better. If any bank or building society has a rating below BBB- (or equivalent) from Standard & Poor, Moody's Investors Services Limited or Fitch Ratings Ltd that bank or building society shall not be eligible.
2. All Sterling cash deposits shall be backed at all times throughout the Term by a Sovereign Guarantee. If a bank or building society is backed by a Sovereign Guarantee but has a rating below BBB- (or equivalent) from Standard & Poor, Moody's Investors Services Limited or Fitch Ratings Ltd that bank or building society shall not be eligible.
3. All investments shall (unless prohibited by regulatory provisions under sections 138A-O or 139A-B of the Financial Services and Markets Act 2000 (as amended)) be held as client money regulated by the Financial Conduct Authority and/or the Prudential Regulation Authority (as relevant) and be held on trust so as to ring-fence and maintain the segregation of such investments from the Service Provider's assets.
4. All investments shall automatically mature or be able to be withdrawn at the date of expiry of this Agreement or such earlier date on which this Agreement is terminated.
5. If a bank or building society ceases to meet the rating criteria in Paragraph 1 or 2 of this Schedule 18 (Permitted Investments) (above) during the term of an investment deposit, the investment deposit shall continue to be a Permitted Investment until it matures or until the next break period, whichever comes first, and provided that at maturity or at the next break period, whichever comes first, the Service Provider shall transfer the investment deposit into a Permitted Investment.
6. The Service Provider must invest at least twenty per cent (20%) of the Deposit Pool in Permitted Investments that are immediately accessible by the Service Provider provided:

- 6.1. any penalties for early withdrawal are only applicable against the value of interest accrued and not the original investment of the whole or part of the Deposit Pool invested (as applicable); and
- 6.2. any fixed period does not extend beyond the latest of the Original Expiry Date, any New Expiry Date or the date of expiry of any Minor Extension Period set in accordance with this Agreement (as applicable); and
- 6.3. the investment is assignable in accordance with Paragraph 9 (below) of this Schedule 18 (Permitted Investments) at no cost to the Authority.
7. The Service Provider may invest up to eighty per cent (80%) of the Deposit Pool in Permitted Investments for fixed periods not exceeding five (5) years provided:
  - 7.1. that investments are accessible by the Service Provider, if required, within a period of thirty-five (35) days. The Authority expects this to be in the form of a break in clause provided by the relevant bank or building society that allows funds to be made available on the latest of thirty-five (35) days of a request; and
  - 7.2. any penalties for withdrawal by the latest of thirty-five (35) days are either:
    - 7.2.1. applicable only against the value of interest accrued and not the original investment of the whole or part of the Deposit Pool invested (as applicable); or
    - 7.2.2. funded by the Service Provider by its own balance sheet and specifically notified to and approved in writing by the Authority in advance; and
- 7.3. any fixed period does not extend beyond the latest of the Original Expiry Date, any New Expiry Date or the date of expiry of any Minor Extension Period set in accordance with this Agreement (as applicable); and
- 7.4. the investment is assignable in accordance with Paragraph 9 (below) of this Schedule 18 (Permitted Investments) at no cost to the Authority.
8. The Service Provider shall be responsible for ensuring sufficient liquidity to enable repayment of the Deposits within the specified time period.
9. All investments shall be assignable to the Authority (or to a New Service Provider nominated by the Authority) on termination of this Agreement or termination of any part(s) of the Services (howsoever occurring) at no cost to the Authority.

10. Any investment continuing beyond the date of expiry or termination of this Agreement or the date of termination of any part(s) of the Services (as may be relevant) shall be capable of termination with immediate notice at no cost to the Authority at any time on or after the date of expiry or termination of this Agreement or the date of termination of any part(s) of the Services (as may be relevant).
11. The Service Provider shall provide to the Authority any details which the Authority may reasonably require relating to investments continuing beyond the date of expiry or termination of this Agreement or the date of termination of any part(s) of the Services (as may be relevant).
12. For the avoidance of doubt the Service Provider may enter into derivative contracts in its own name only for the purpose of hedging all or part of its exposure (or potential exposure) under this Agreement provided always that it does so at its own cost and at its own risk.

## SCHEDULE 19 - DISPUTE RESOLUTION

### 1. ESCALATION PROCEDURE

- 1.1. The procedure in this Paragraph 1 (Escalation Procedure) shall apply to any Dispute (the "**Escalation Procedure**"). A Party may not invoke the procedure set out at Paragraph 2 (Expert Determination) (below) or initiate legal proceedings save for injunction relief unless this Escalation Procedure has been properly exhausted.
- 1.2. Disputes arising between the Parties shall be handled in the following manner:
  - 1.2.1. a Dispute shall, in the first instance be referred to the Level 1 representatives set out in the table at Paragraph 1.4 (below) for resolution at a meeting to be arranged as soon as practicable after the Dispute arises, but in any event within two (2) Business Days from and including the date of referral;
  - 1.2.2. if the Dispute cannot be resolved by the Level 1 representatives within three (3) Business Days from and including the date of such referral under Paragraph 1.2.1 (above), or within any other period agreed by the Parties after it has been referred to them, the Dispute shall be referred to the Level 2 representatives set out in the table at Paragraph 1.4 (below) for resolution, who shall meet within two (2) Business Days from and including the date of such referral or such other period as the Parties may agree in order to attempt to resolve the Dispute;
  - 1.2.3. if the Dispute cannot be resolved by the Level 2 representatives within three (3) Business Days from and including the date of such referral under Paragraph 1.2.2 (above), or within any other period agreed by the Parties after it has been referred to them, the Dispute shall be referred to the Level 3 representatives set out in the table at Paragraph 1.4 (below) for resolution, who shall meet within two (2) Business Days from and including the date of such referral or such other period as the Parties may agree in order to attempt to resolve the Dispute;
  - 1.2.4. if, after referral to the Level 3 representatives, the Dispute is not resolved by agreement in writing between the Parties within five (5) Business Days from and including the date of such referral under Paragraph 1.2.3

(above), or within any other period agreed by the Parties, either Party may request expert determination and/or be free to issue legal proceedings.

- 1.3. At any level of the Escalation Procedure set out above, if the Parties agree that the Dispute is a matter materially affecting any aspect of this Agreement or the relationship between the Parties, the Parties may elect immediately to escalate the Dispute to the next level and upon such election the Dispute shall be escalated to the next level in accordance with Paragraph 1.2 (above).
- 1.4. If any of the representatives of a Party named in the table below is unable to attend a meeting, the Party in question will ensure that a substitute with appropriate authority attends.

	Authority	Service Provider
Level 1	Authority's Contract Manager	Service Provider's Scheme Manager
Level 2	Deputy Director for Housing Strategy and Support Directorate	Service Provider's Contract Manager
Level 3	Director for Housing Strategy and Support Directorate	Chief Executive Officer of the Service Provider - [REDACTED]

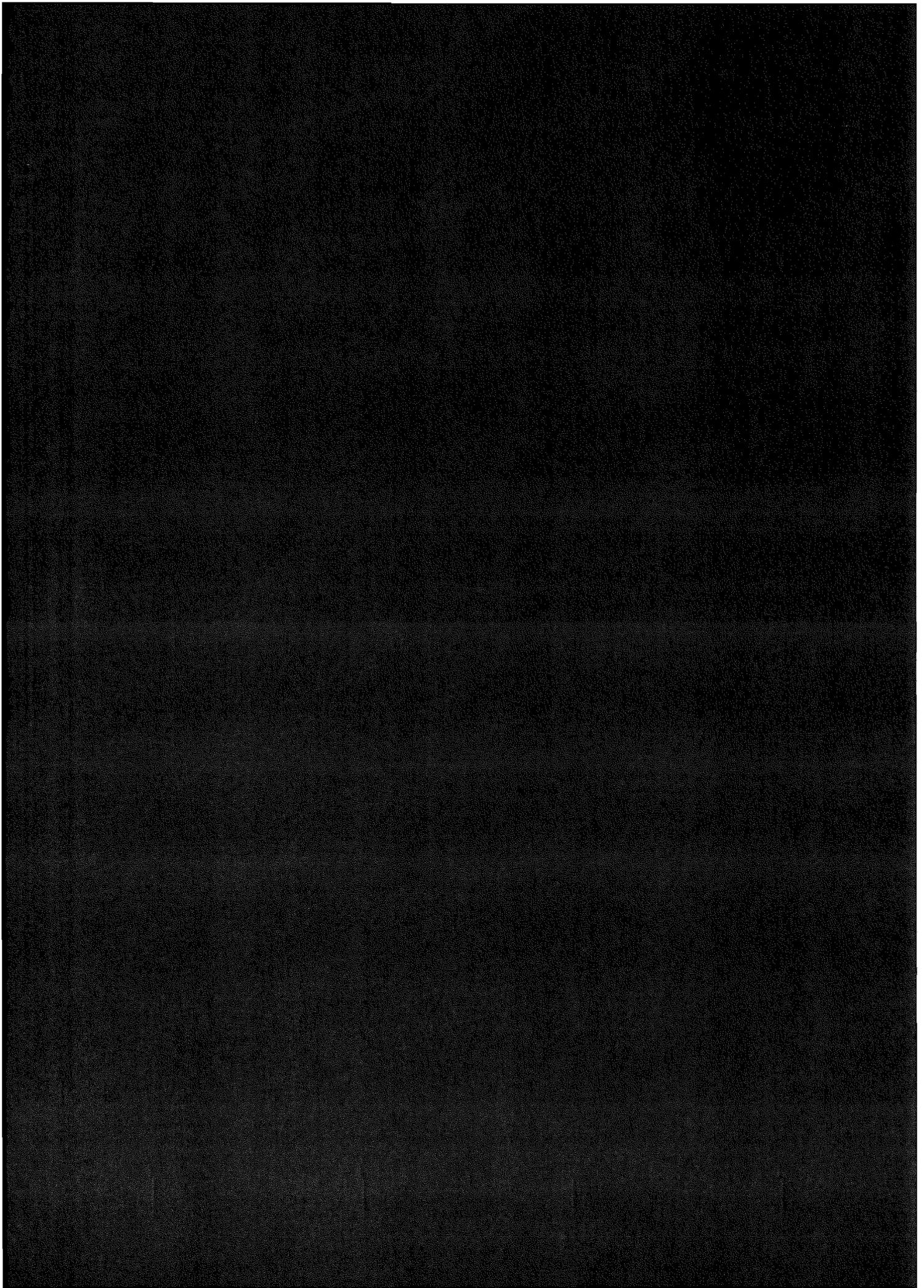
## 2. EXPERT DETERMINATION

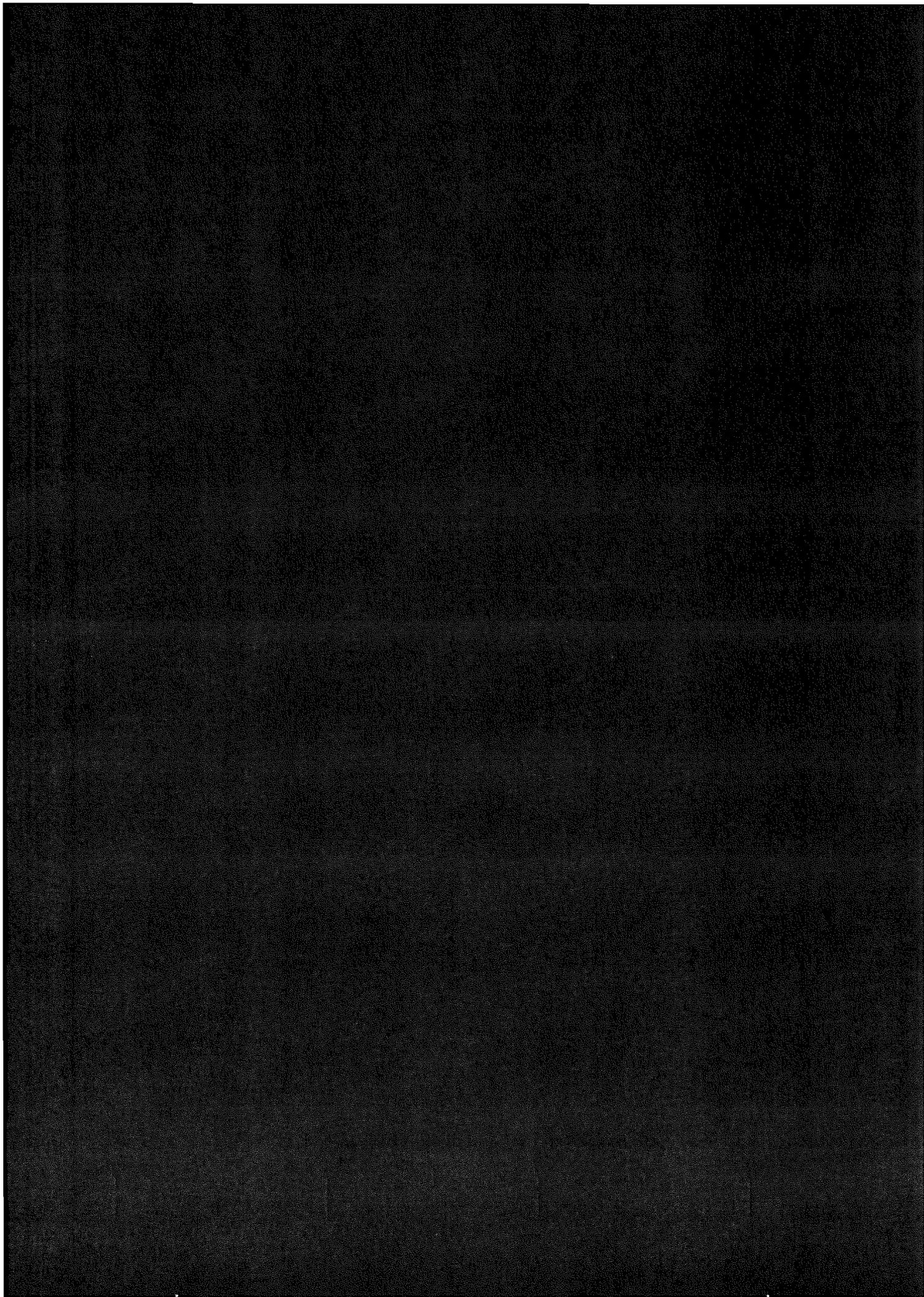
- 2.1. Subject to Paragraph 2.3 (below), where in this Agreement a matter of fact (as opposed to law or mixed fact and law) is to be agreed and/or is disputed, either Party may request to the other that a single expert ("Expert") be appointed to determine or decide on the matter who shall be deemed to act as expert and not as arbitrator on the basis set out below.

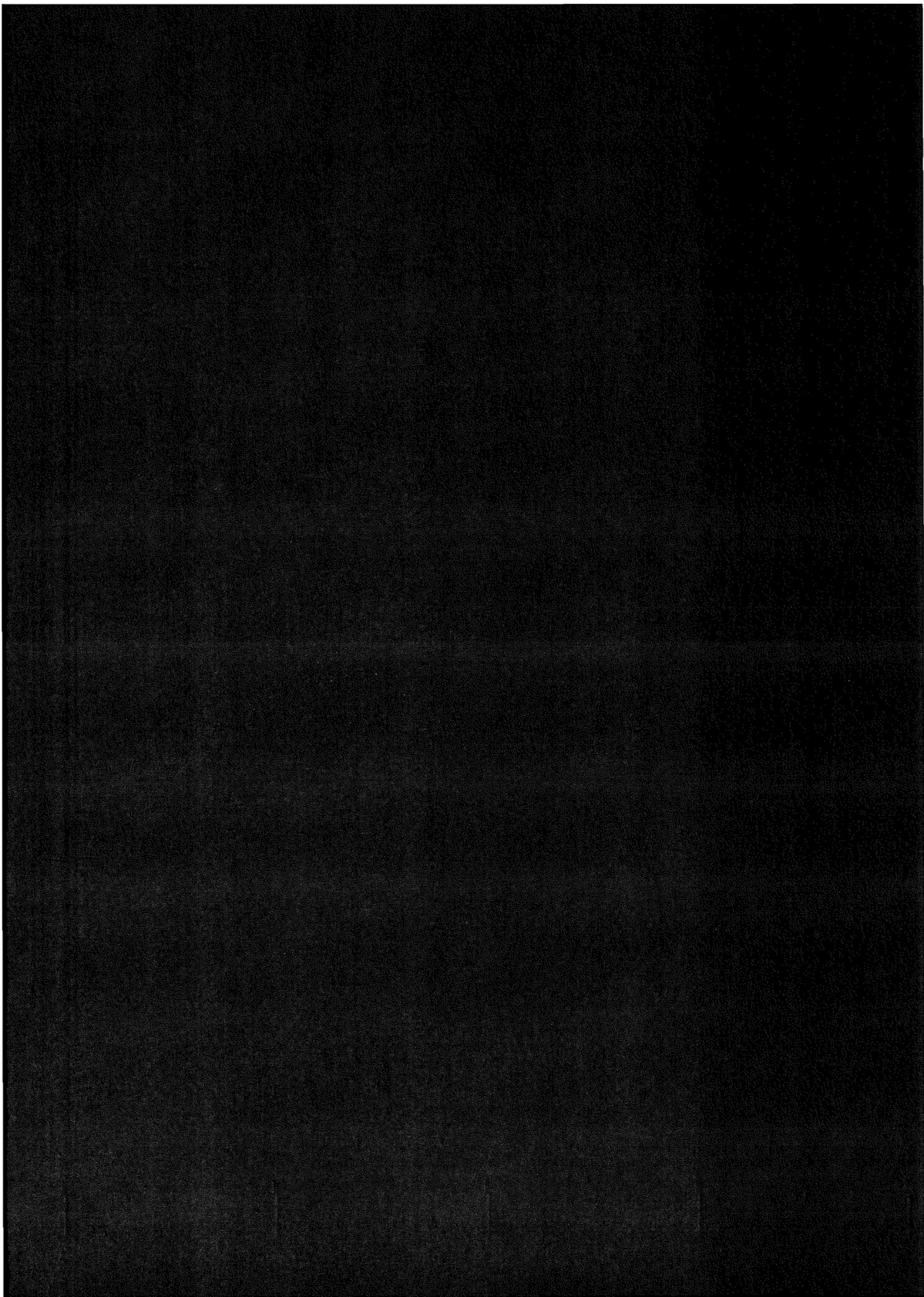
- 2.2. If the matter of a Dispute is not a matter of fact, then Expert determination shall not apply.
- 2.3. No Dispute shall be referred to Expert determination under this Dispute Resolution Procedure until the Escalation Procedure has been exhausted, provided that the Parties shall be free to seek injunctive relief without reference of the Dispute to the Dispute Resolution Procedure.
- 2.4. The Expert shall be selected by the mutual agreement of the Parties or, failing agreement, within fifteen (15) Business Days after a request by either Party to the other, shall be chosen at the request of either Party by the President or other duly authorised officer for the time being of the Law Society of England and Wales who shall be requested to choose an impartial, suitably qualified and experienced Expert for the Dispute in question.
- 2.5. No later than fifteen (15) Business Days after the Expert has accepted the appointment, the Parties shall submit a written report on the Dispute to the Expert and to each other and five (5) Business Days thereafter shall submit any written replies they wish to make to the Expert and to each other.
- 2.6. Both Parties shall then afford the Expert all necessary assistance which the Expert requires to consider the Dispute including, but not limited to, full access to any documentation or correspondence relating to the Services.
- 2.7. The Expert shall be instructed to deliver his determination to the Parties within fifteen (15) Business Days after the submission of written reports pursuant to Paragraph 2.5 (above), or such other period as he may request and the Parties agree to.
- 2.8. Decisions of the Expert shall be final and binding and not subject to appeal, save in the case of manifest error or fraud.
- 2.9. The Expert shall have the same powers to require any Party to produce any documents or information to him and the other Party as an arbitrator and each Party shall in any event supply to him such information which it has and is material to the matter to be resolved and which it could be required to produce on disclosure in arbitration proceedings.
- 2.10. Each Party shall bear its own costs of the Expert determination save that the fees of the Expert shall be borne by the Parties in the proportion as shall be determined by

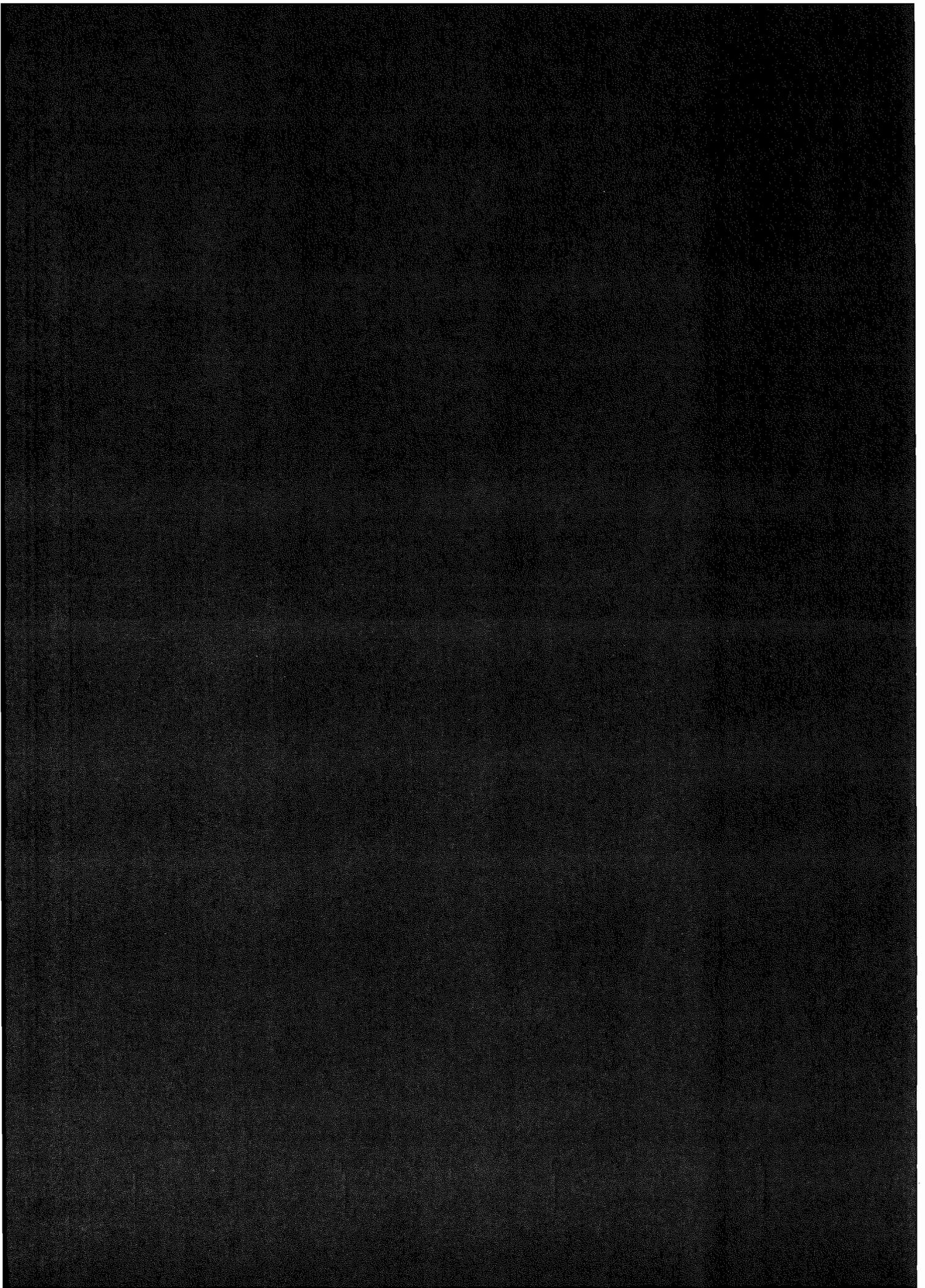
the Expert having regard (amongst other things) to the outcome of the determination and the conduct of the Parties.

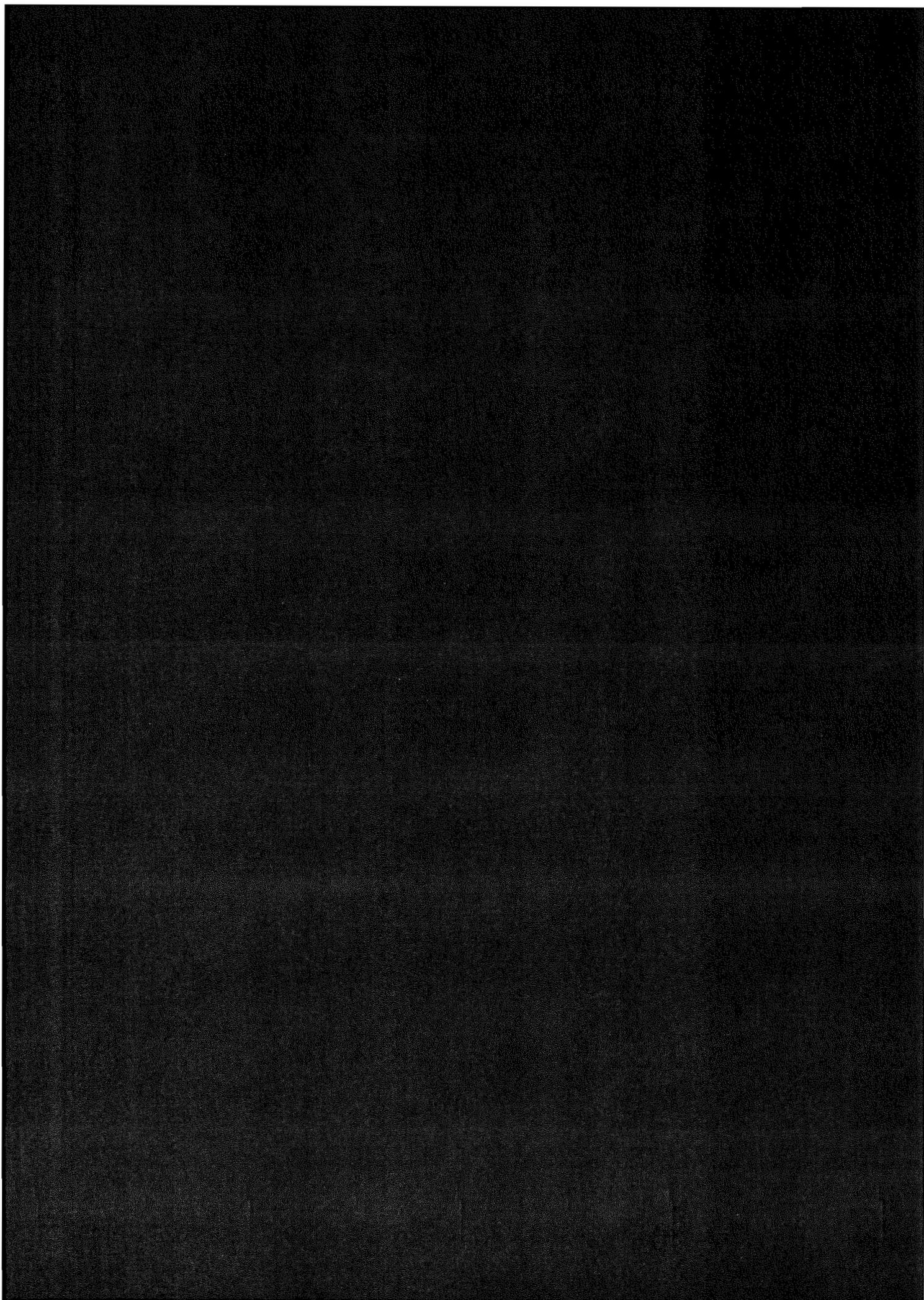
**SCHEDULE 20 - PARENT COMPANY GUARANTEE**

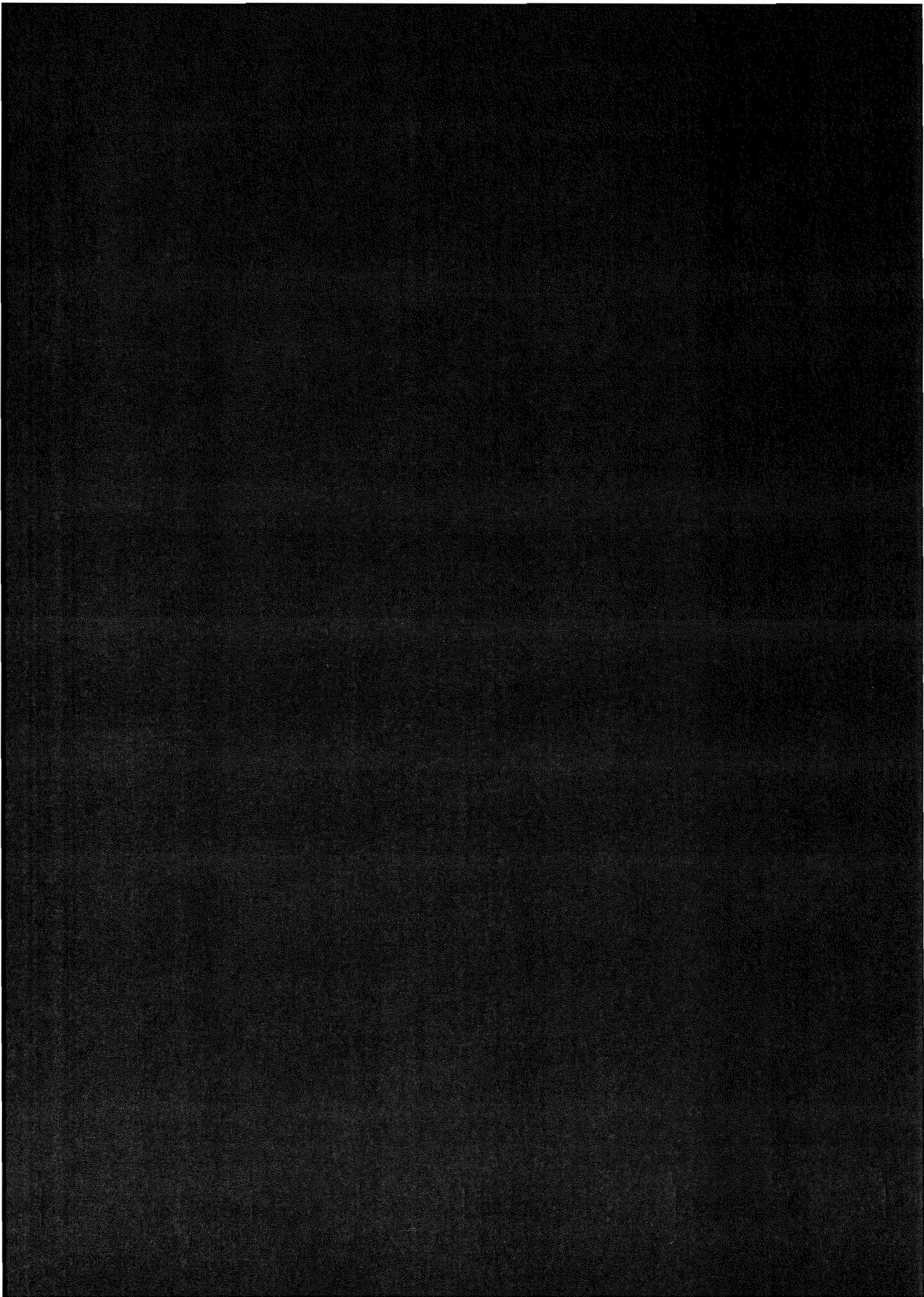


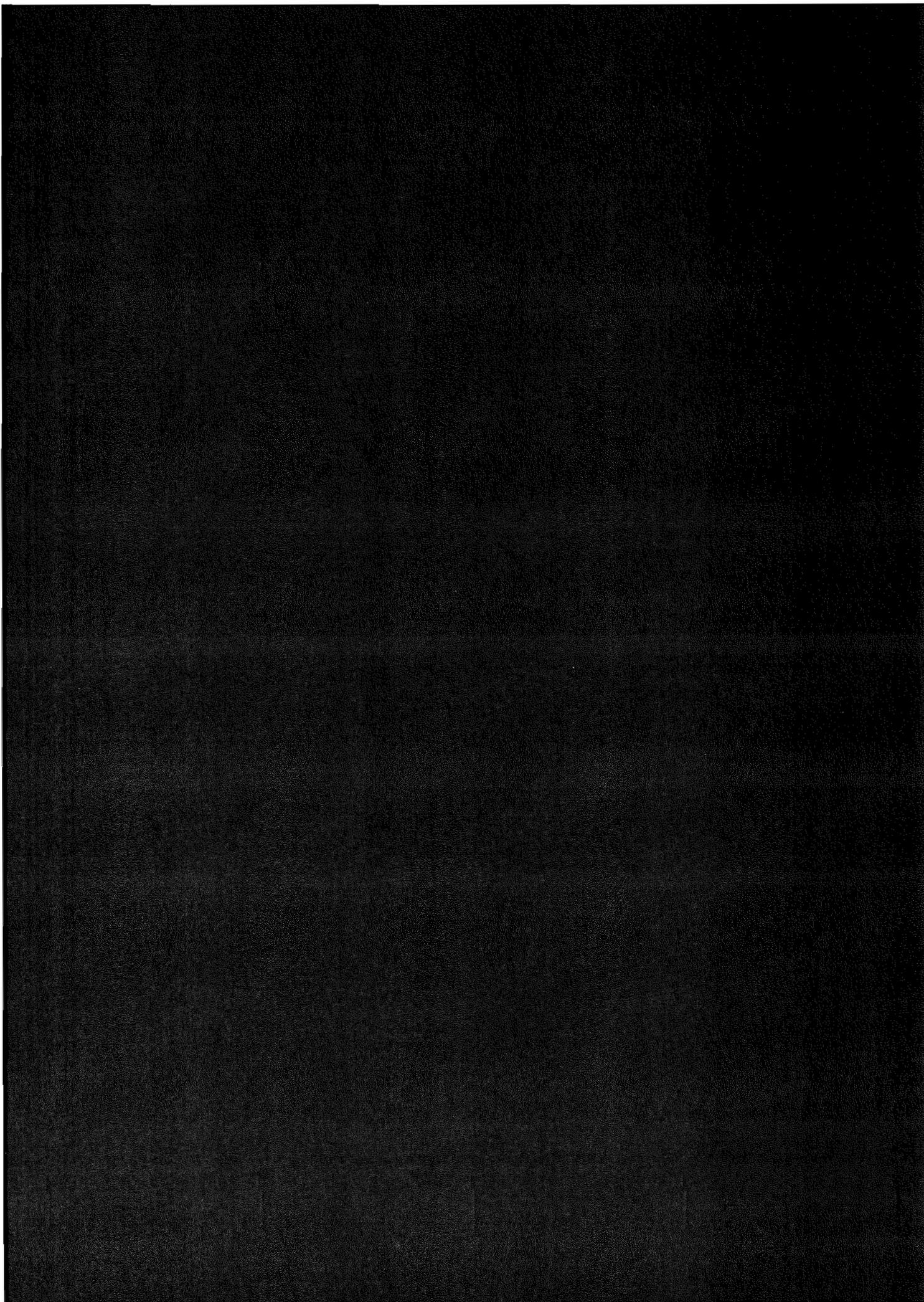


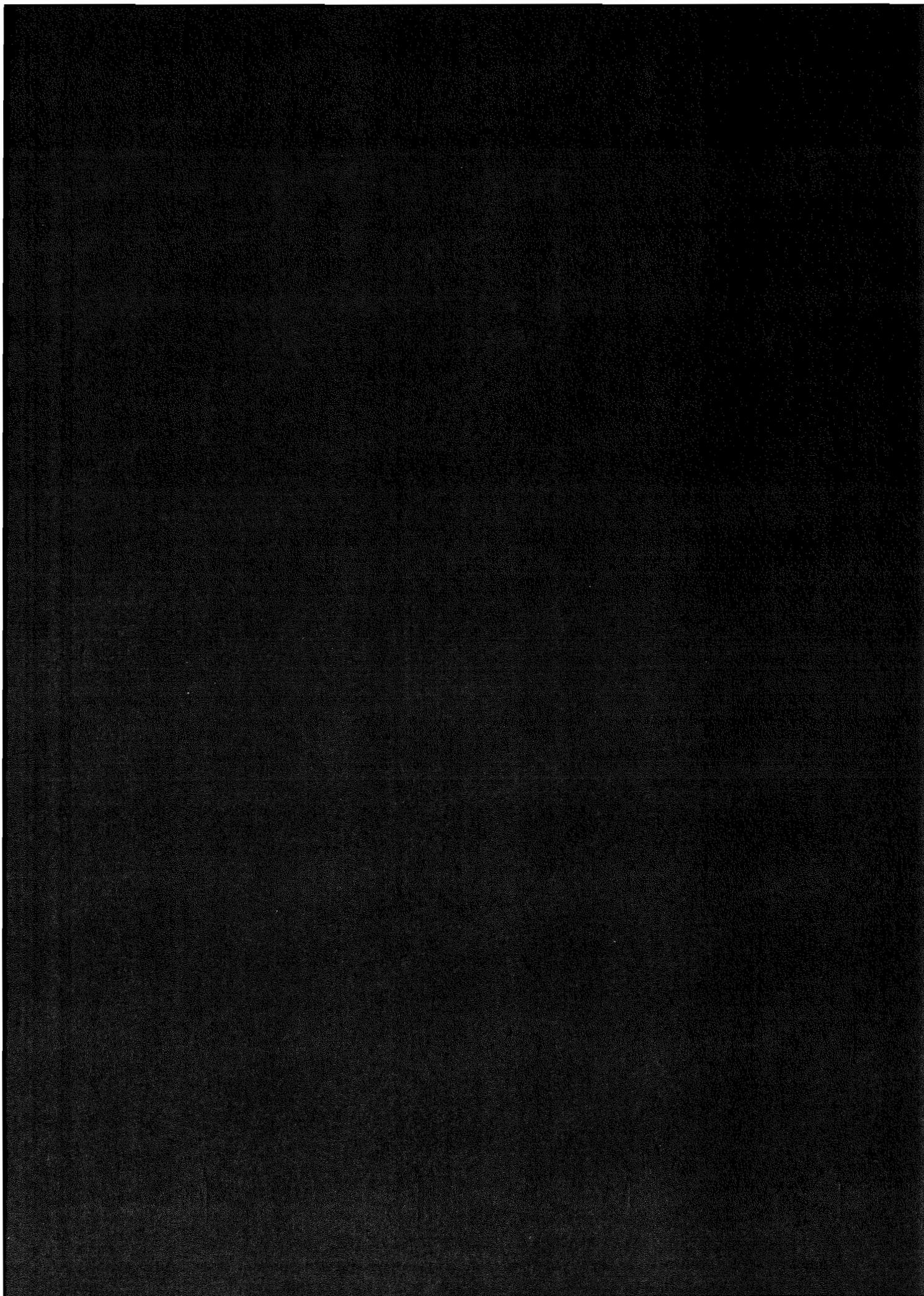


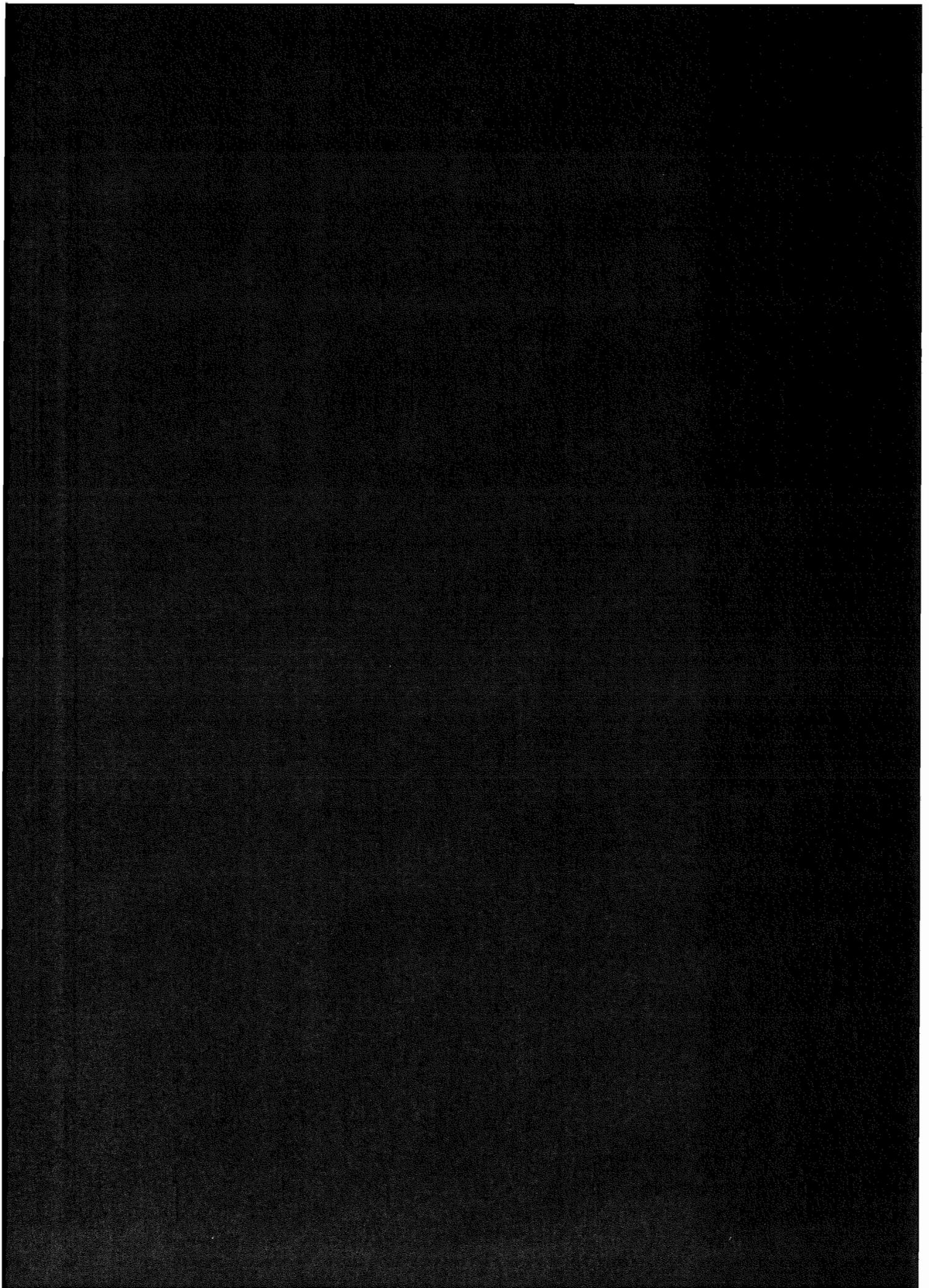


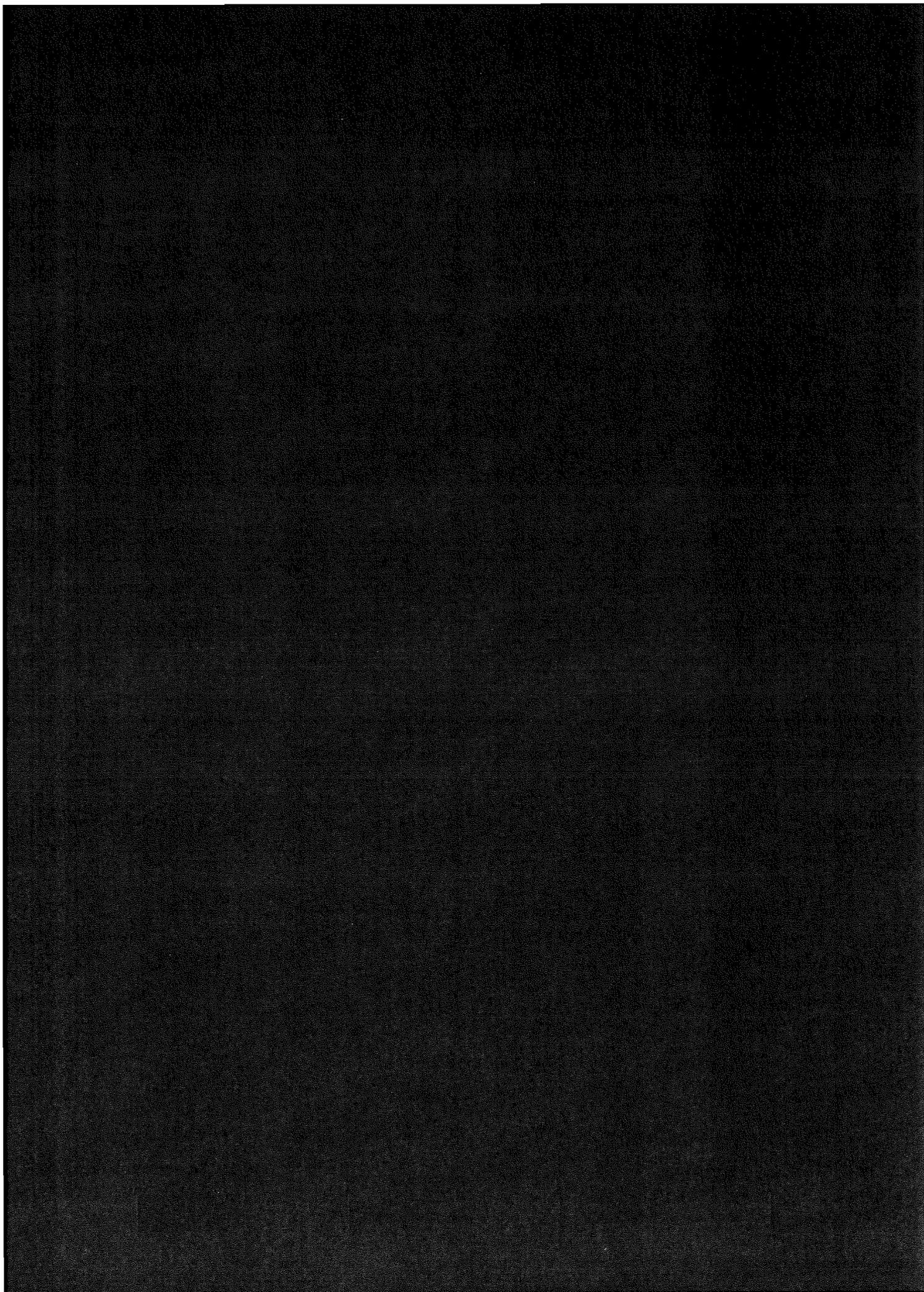


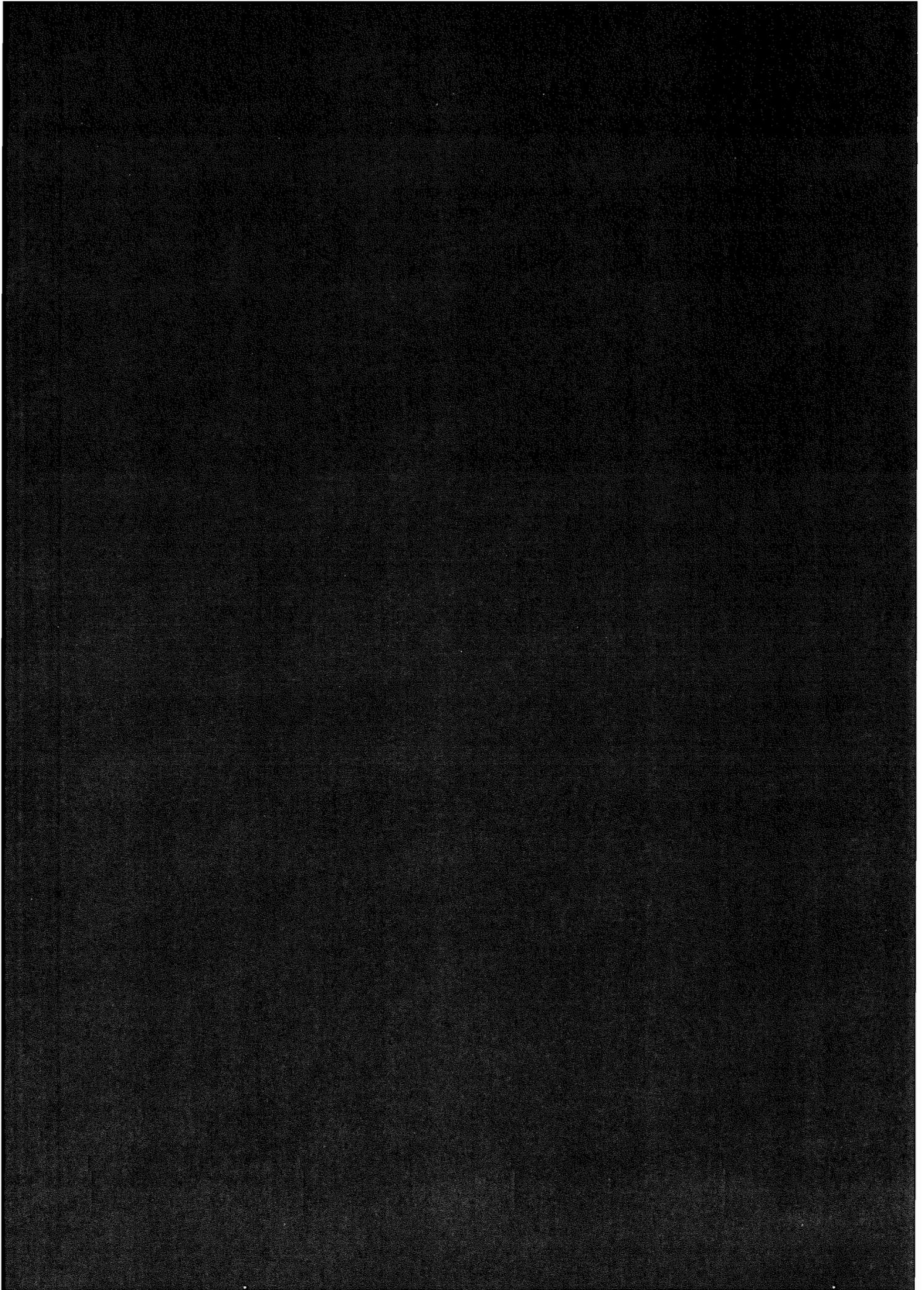


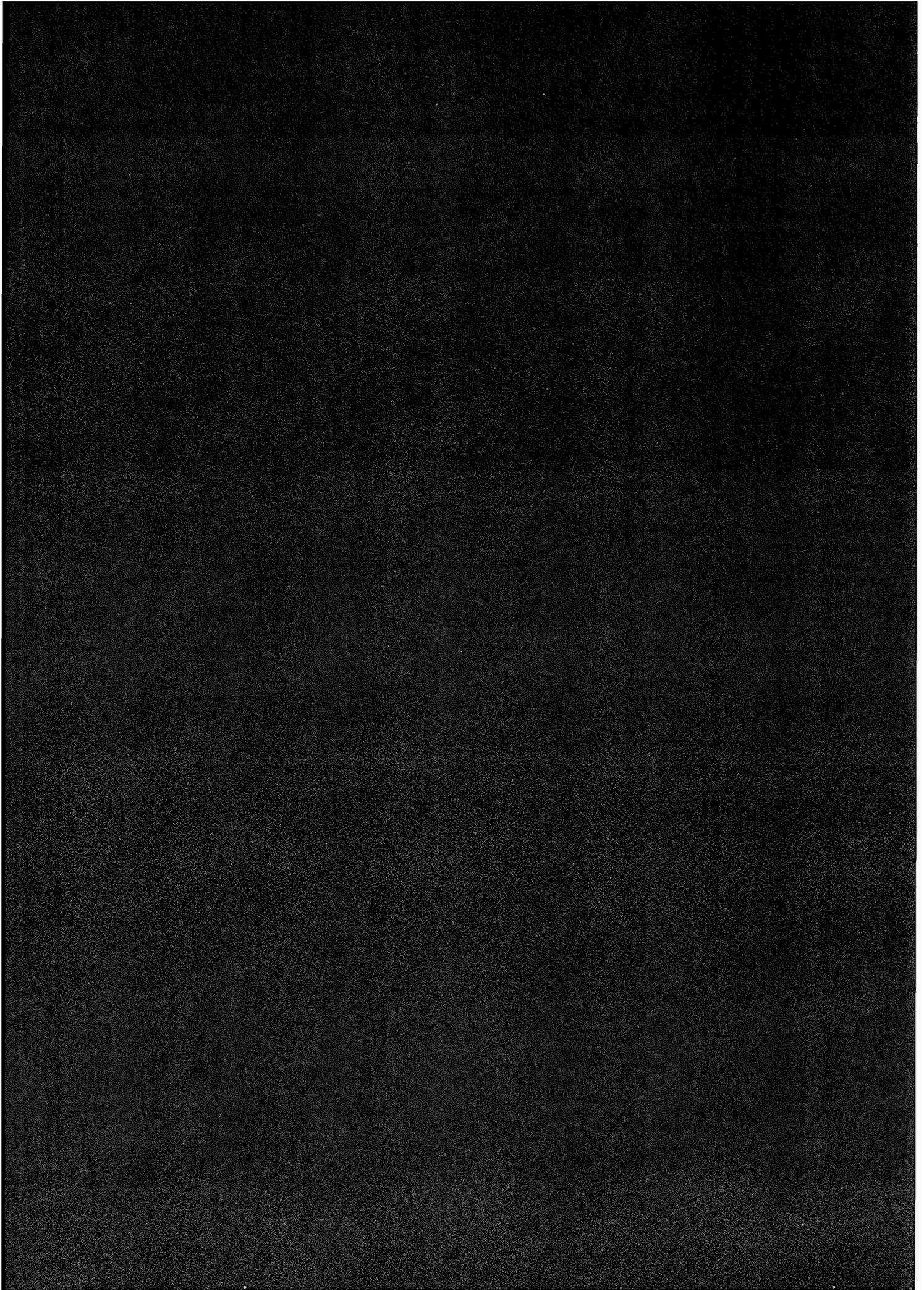


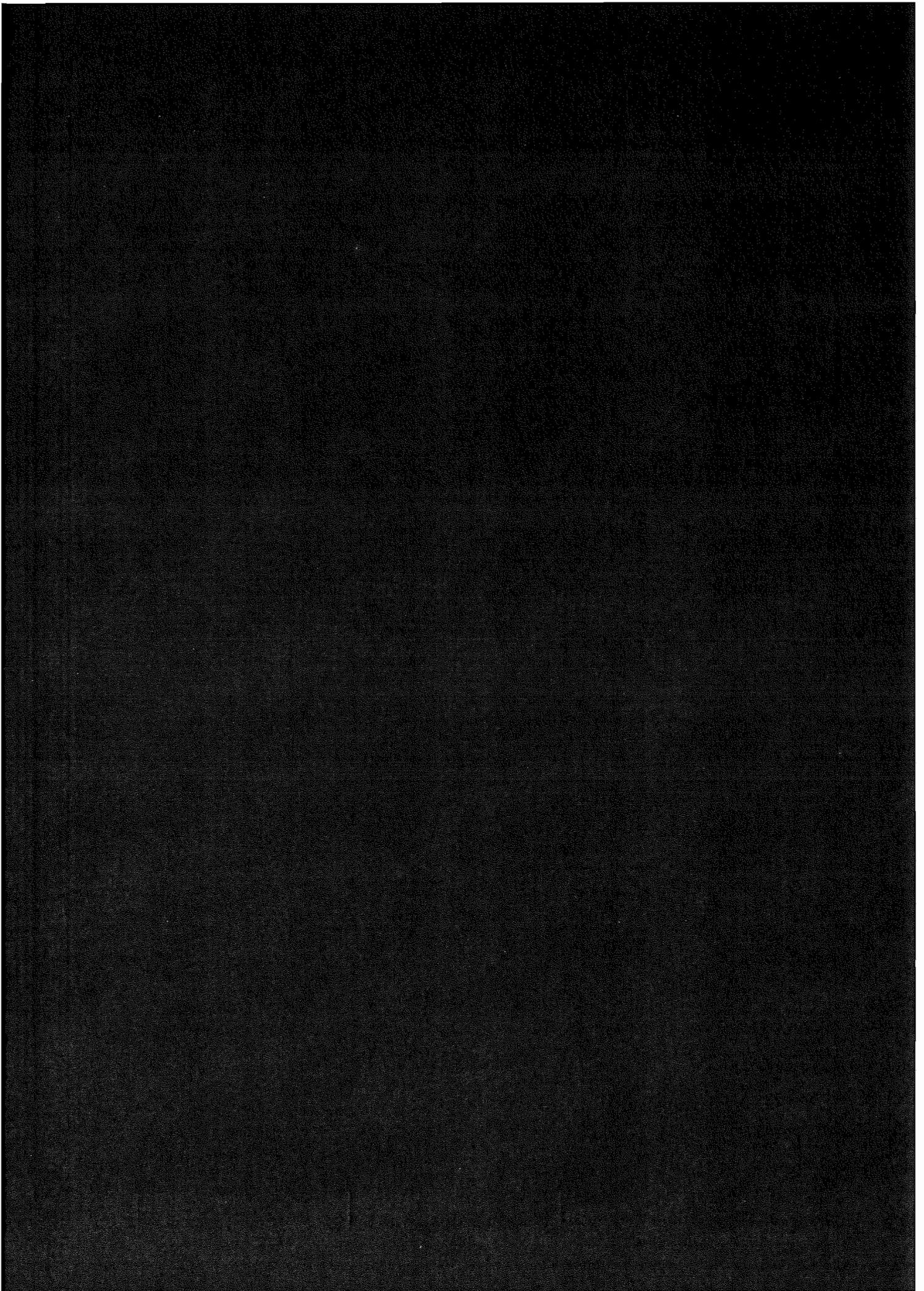


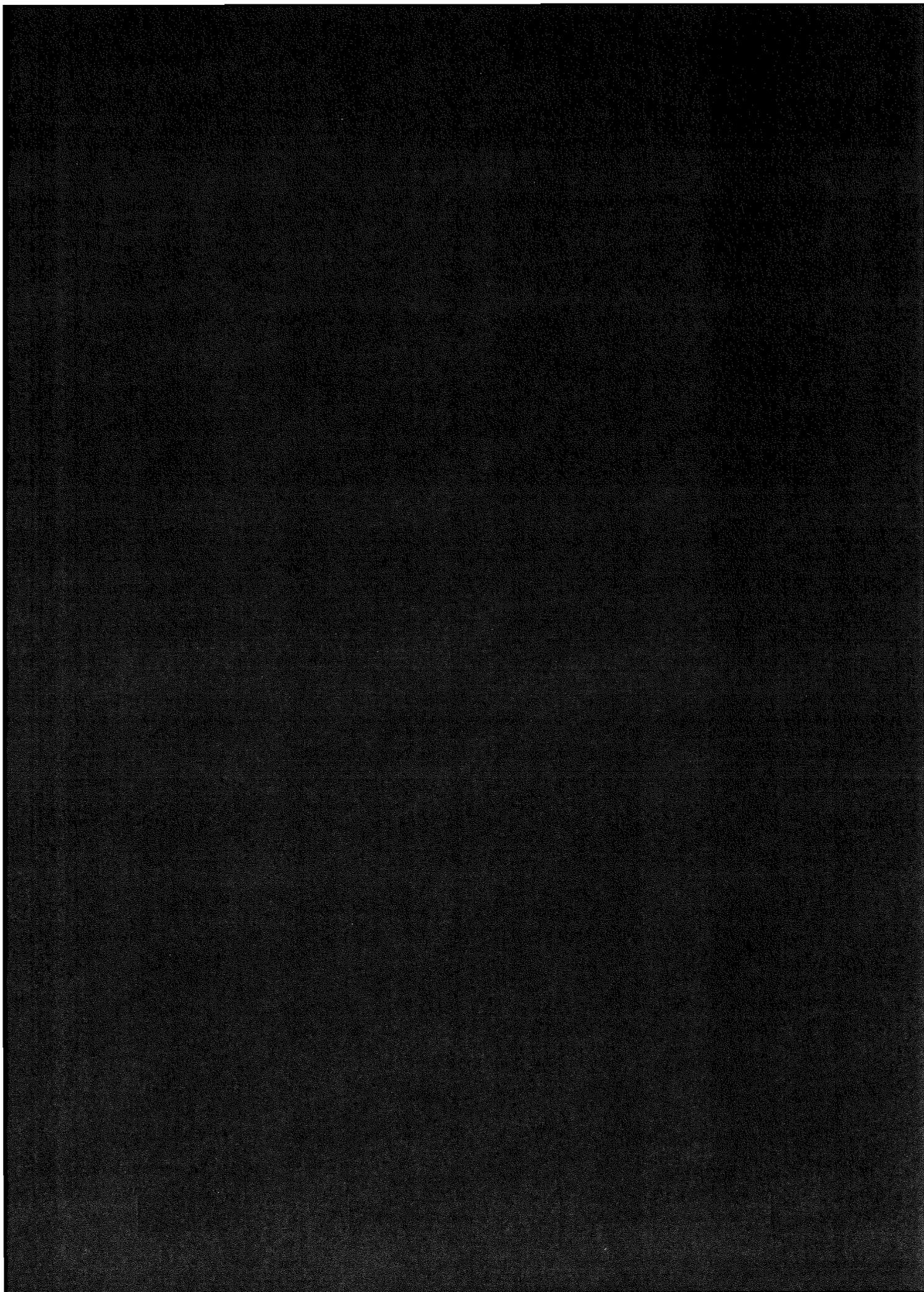












**SCHEDULE 21 - BASE CASE**

