Finance and Resources Committee

10.00am, Tuesday, 7 November 2017

Treasury Management: Mid-Term Report 2017/18

Item number	7.7
Report number	
Executive/routine	
Wards	
Council Commitments	

Executive Summary

The purpose of this report is to give an update on Treasury Management activity in 2017/18.

In accordance with the Strategy set in March 2017 the Council completed no borrowing during the first half of the financial year and continued to fund capital expenditure temporarily from cash deposits. This approach generates significant short-term savings in Loans Charges for the Council. In following this Strategy, account is also being taken of the likely movement in interest rates in the medium and longer term and the Council's future estimated borrowing requirement.

The investment return for 2017/18 continues to show out-performance against the Fund's benchmark, although very low in absolute terms, while maintaining the security of the investments as a priority.

Report

Treasury Management: Mid-Term Report 2017/18

1. Recommendations

1.1 It is recommended that the Committee:

1.1.1 notes the mid-term report on Treasury Management for 2017/18;

1.1.2 notes the intention to exercise the option to opt up to professional status under MiFID II (Market in Financial Instruments Directive); and

1.1.3 refers the report to City of Edinburgh Council for approval and subsequent referral by the City of Edinburgh Council to the Governance Risk and Best Value Committee for scrutiny.

2. Background

2.1 The Council has adopted the CIPFA Code of Practice on Treasury Management in the Public Sector, and under the code, the mid-term report has been prepared setting out activity undertaken.

3. Main report

3.1 UK Interest Rates

3.1.1 During the last six months, the Bank of England's (BoE) Monetary Policy Committee (MPC) maintained UK Bank Rate at 0.25% and Quantitative Easing (QE) at £435bn. However, interest rate expectations varied significantly over the six months. At the June meeting of the MPC, three members of the Committee - Kristin Forbes, Ian McCafferty and Michael Saunders - voted for a 0.25% increase in rates citing concerns about inflation. Indeed, one of the five who voted for no change, Andy Haldane the BoE Chief Economist/Executive Director of Monetary Analysis and Statistics, stated in a speech later in June that *"Provided the data are still on track, I do think that beginning the process of withdrawing some of the incremental stimulus provided last August would be prudent moving into the second half of the year."* Both the 5-3 vote and the speech by Mr Haldane were after the result of the UK General Election was known, although Mr Haldane suggested that the result did have a bearing on his decision to vote against an interest rate rise at the June meeting.

Although expectations of an increase had been raised, inflation turned down briefly following the June MPC meeting and market expectations of a rate rise diminished again.

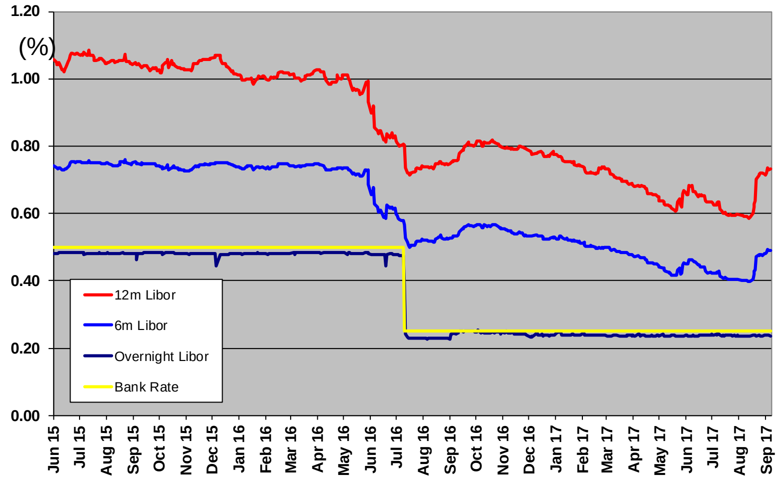

Figure 1 – Libor rates since June 2015

As can be seen in Figure 1 Libor rates increased in the run up to the snap general election and the subsequent MPC meeting. However, rates reduced with the uncertainty surrounding Brexit which the election created and the fall in the rate of CPI. More recently rates have started to increase again as a result of further indications from MPC members that UK Bank Rate may rise sooner rather than later.

3.1.2 Table 1 gives a Reuters poll of up to 62 economists, taken 1st September, showing their forecasts for UK Bank Rate until Quarter 4 2018. This showed most economists polled believed that the UK Bank Rate will remain at 0.25% through to Q4 2018.

	2017		2018			
	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18
Median	0.25	0.25	0.25	0.25	0.25	0.25
Mean	0.26	0.26	0.28	0.3	0.33	0.37
Mode	0.25	0.25	0.25	0.25	0.25	0.25
Min	0.25	0.25	0.25	0.25	0.25	0.25
Max	0.25	0.5	0.75	0.75	1	1
Count	62	59	56	56	52	49

Table 1 – Economists' Forecasts for UK Bank Rate

Source: REUTERS

3.1.4 This poll was taken before the minutes of the 14th September meeting showed that interest rates may rise sooner than they had expected and also before the speech from MPC's external member Gertjan Vlieghe where he said *'that we are approaching the moment when Bank Rate may need to rise'*. A more up to date poll may show very different forecasts.

3.1.5 CPI was at 2.9% in August, above the Bank of England's 2% target and almost out of their +/- 1% range. While it is likely that the MPC would look through the current rate much of which is due to the depreciation of sterling, there are some genuine reasons for a modest increase in UK Bank Rate. In particular, reversing the 0.25% cut last August following the result of the EU Referendum would give the MPC scope to reduce it again should the outcome of Brexit negotiations not be favourable to the UK. Notwithstanding the likelihood of a reversal of the August 2016 cut in UK Bank Rate, it is still believed that the scope for any further increases in the UK thereafter is severely limited.

3.2 Investment Out-turn

3.2.1 The Treasury Management strategy is to ensure that surplus funds are invested in accordance with the list of approved organisations for investment, minimising the risk to the capital sum and optimising the return on these funds consistent with those risks. The Cash Fund's Investment Strategy continues to be based around the security of the investments.

3.2.2 The rates achieved on the Council's call accounts remain low in line with UK Bank Rate. Rates achievable on UK Treasury Bills also remain low but as can be seen in Figure 2 below have increased in the six month maturity in the last couple of auctions. The auction at the end of September achieved a maximum rate of 0.40%.

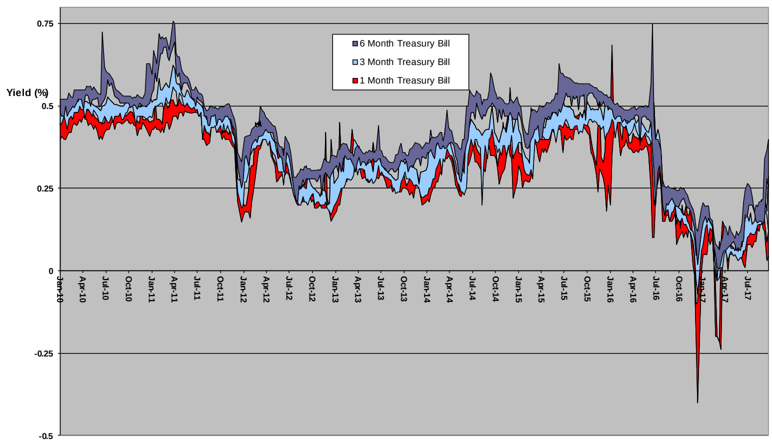

Figure 2 – UK Treasury Bill Yields

3.2.3 Figure 3 below shows the distribution of Cash Fund deposits since inception.

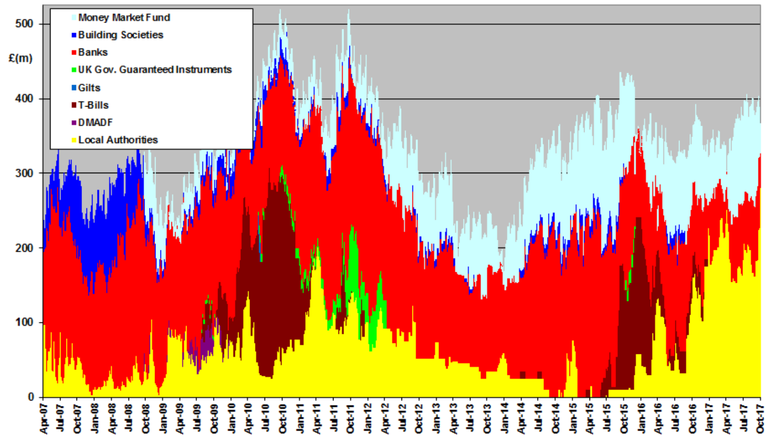

Figure 3 – Cash Fund Investments since inception

3.2.4 As shown in Figure 3, the first half of the year has been characterised by larger than usual lending to other local authorities. This was for a combination of reasons – the shortage of local authority funds at year end, the low rates on bank deposits which made local authority rates more attractive and the very low rates on UK Government Treasury Bills shown in Figure 2. As shown in Figure 4, just under 88% of the fund was invested in Local Authority deposits at the end of the six months. Just over 2% was invested with Money Market Funds and 10% with Banks in call accounts on instant access.

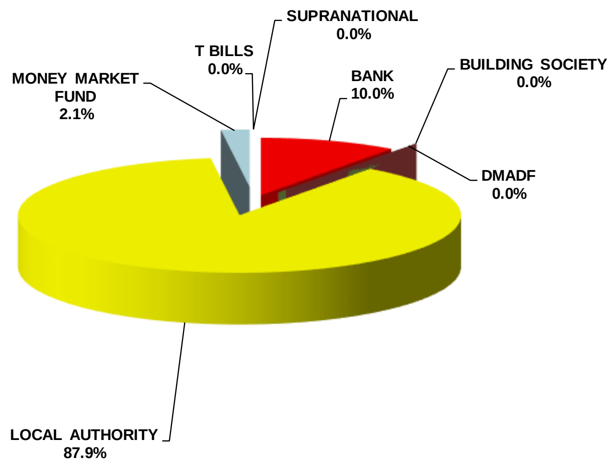

Figure 4 – Investments by Counterparty 30 September 2017

3.2.5 The Treasury section has been able to take advantage of a shortage of cash in the market towards the mid-year point and achieve rates above call account levels on short fixed maturities with local authorities. These maturities are well placed to take advantage of any higher rates available should UK Bank Rate increase in November.

3.2.6 Figure 5 below shows the Weighted Average Life (WAL) – i.e. the average time to maturity of the Cash Fund investments since inception.

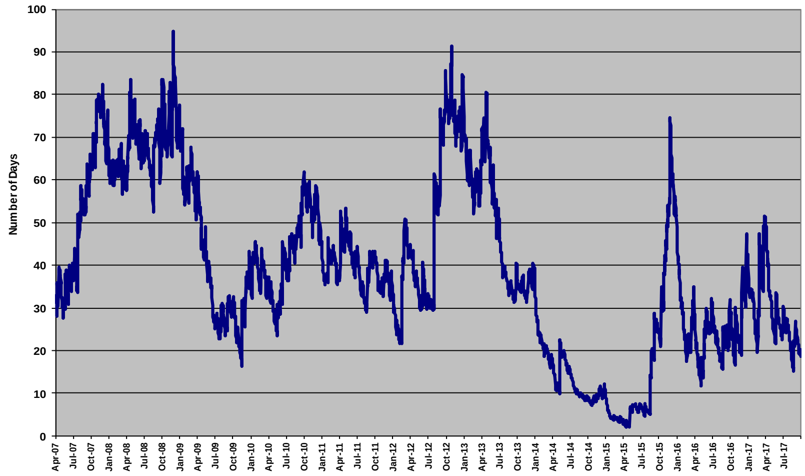

Figure 5 - Cash Fund Weighted Average Life

The WAL (weighted average time to the final maturity of investments) was down to 18 days at the mid year point. The decrease in the WAL is due to fixed deposits with Local Authorities being close to maturity. In addition we have provided notice monies to other authorities. It is therefore considered that the investments are positioned to take advantage of any rise in rates at the November MPC meeting.

3.3 Cash Fund Performance

3.3.1 The annualised rate of return for the Cash Fund for the six months to September 2017 was 0.30% against a benchmark of 0.11%. Figure 6 below shows the daily investment performance of the Cash Fund against its benchmark since April 2011.

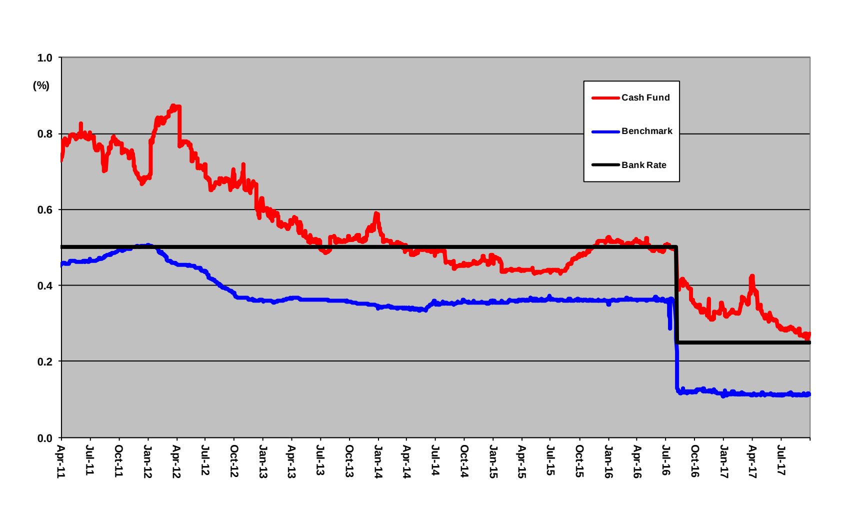

Figure 6 - Treasury Cash Fund Investment Performance

3.3.2 The small peak in April was due to being able to take advantage of the good inter-authority rates on offer over the year end. However, most of these investments were only available with a relatively short maturity. A combination of the lower rates on offer at the start of the new financial year, and subsequently the positioning of the portfolio to not long past November has meant that the performance has edged back a little. However, it is still significantly above both the benchmark and the outperformance target set by Lothian Pension Fund.

3.4 Debt Management Activity

3.4.1 Debt Management strategy for 2017/18 as outlined in the Strategy Report was to continue to use the Council's investment balances to fund capital expenditure. The Council has undertaken no PWLB borrowing since December 2012. Appendix 1 shows the current debt portfolio.

3.4.2 Figure 7 below shows the PWLB borrowing rates since April 2005. The drop in rates following the result of the EU referendum, particularly at the longer end of the curve, have largely been reversed. However, the future course of these rates are heavily reliant on the outcome of the negotiations with the EU. While the "money for time" arrangement is still the most likely outcome, if there were to be no agreement, further QE would be a significant possibility.

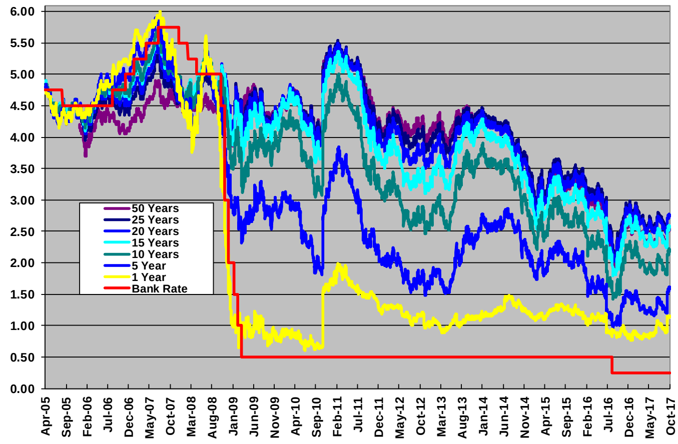

Figure 7 – PWLB Rates 2005 to Date

Source: ONS

3.4.3 Table 2 below shows a comparison of the projected cumulative capital expenditure to be funded by borrowing and the actual external debt. More detail on the Capital Advances, along with revised Prudential Indicators are contained in the Capital Monitoring – Half year Position elsewhere on this agenda.

Capital Advances v. External Debt	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**
	£000	**£000**	**£000**	**£000**	**£000**
Debt b/fd	1,351,885	1,299,901	1,245,546	1,260,586	1,307,005
Cumulative capital expenditure b/fd	1,424,418	1,415,106	1,412,202	1,452,146	1,505,567
Over / under borrowed b/fd	-72,533	-115,205	-166,656	-191,560	-198,562
GF capital financed by borrowing	48,324	40,600	55,397	60,132	62,242
HRA capital financed by borrowing	20,365	36,329	64,444	73,161	61,750
less scheduled repayments by GF	-62,006	-59,077	-58,206	-57,058	-60,008
less scheduled repayments by HRA	-13,033	-18,275	-20,116	-22,297	-27,069
less scheduled repayments by Former Joint Boards	-2,962	-2,481	-1,575	-517	-544
Underlying Need to Borrow	**-9,312**	**-2,904**	**39,944**	**53,421**	**36,371**
Plus total maturing debt	51,984	54,355	54,960	53,581	55,567
Total borrowing requirement	42,672	51,451	94,904	107,002	91,938
Indicative PWLB or short borrowing for year	0	0	70,000	100,000	100,000
Debt at end of the year	1,299,901	1,245,546	1,260,586	1,307,005	1,351,438
Cumulative capital expenditure	1,415,106	1,412,202	1,452,146	1,505,567	1,541,938
Cumulative over / under borrowed	-115,205	-166,656	-191,560	-198,562	-190,500

Table 2 - Summary of Capital Advances v. External Debt

3.4.4 This table shows that at the end of 2016/17, the Council had used £115m of its investment balances to temporarily fund capital expenditure which is £22m more than was shown in the out-turn report. The change is due to the Council's new external auditors requesting that the developers' contributions which were categorised as temporary loans be restated as capital received in advance. Therefore, temporary loans have been replaced with temporary internal borrowing and there is absolutely no difference in Treasury terms.

3.4.5 It is intended to continue the strategy of using investments to temporarily fund the Council's borrowing requirement giving a projected under borrowing of £166m at the end of the financial year. The requirement for other major projects such as the Edinburgh Homes project will be addressed as and when they become more certain.

3.5 MiFID II

3.5.1 MiFID (Market in Financial Instruments Directive) is the EU legislation that regulates firms who provide services to clients linked to 'financial instruments' (shares, bonds, units in collective investment schemes and derivatives), and the venues where those instruments are traded. Since it was brought in in 2007, UK local authorities have been categorised as 'per se professional' clients for MiFID scope business by virtue of being "Large Undertakings". However, following the global financial crisis, the European Commission instigated a review of MiFID due to perceived widespread mis-selling of financial products, including to local authorities and municipalities in continental Europe. The outcome of the review was a revised Directive, MiFID II and in July, the FCA published a policy statement setting out the final policies on a range of issues in the UK implementation of MiFID II, including the client categorisation of UK Local Authorities. From 3 January 2018, local authorities will by default be categorised as retail clients, and firms in the financial markets will no longer be able to categorise a local authority as a 'per se professional' client for MiFID or non-MiFID scope business.

3.5.2 A move to retail client status would mean that all financial services firms like banks, brokers, advisers and fund managers will have to treat local authorities the same way they do non-professional individuals and small businesses. Retail status would significantly restrict the range of financial institutions and instruments available to the Council. Under such a classification, the Council's ability to invest in regulated products such as such as Certificates of Deposit, Gilts, Bonds and investment funds, including Money Market Funds would be affected. Even if they were available, it is likely that the fees incurred would be significantly higher.

3.5.3 However the FCA's implementation of MiFID II allows for retail clients who meet certain conditions to elect to be treated as professional clients. When being assessed by the financial institutions, the client must meet both quantitative and qualitative tests. The qualitative test requires an adequate assessment of the expertise, experience and knowledge of the client that gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the client is capable of making his own investment decisions and understanding the risks involved. It is likely that this criteria will be applied to Elected Members as well as officers.

3.5.4 Building on the MiFID II work they had been doing on opting up for the Administering Authorities for LGPS (Local Government Pension Schemes) schemes, the LGA (Local Government Association) has produced some standard documentation for local authorities and market participants to use when assessing local authorities for opt up to professional status for their Treasury Management activities. The election to professional status must be completed with all financial institutions prior to the change of status on 03 January 2018, and it is the intention to seek elective professional client status for the Council with the full range of market participants.

4. Measures of success

4.1 The success of the Treasury Section can be measured by the out-performance of the Treasury Cash Fund against its benchmark and managing the Council's debt portfolio to minimise the cost to the Council while mitigating risk.

5. Financial impact

5.1 The Council continues to manage its debt portfolio so as to minimise the medium-term cost of funding its capital projects.

5.2 The Treasury Cash Fund has generated significant additional income for the Council.

6. Risk, policy, compliance and governance impact

6.1 The Council complies with the relevant CIPFA code of practice whilst undertaking Treasury Management activities. The significant financial risks associated with Treasury Management activities have been successfully managed during the first half of 2017/18.

7. Equalities impact

7.1 There are no adverse equality impacts arising from this report.

8. Sustainability impact

8.1 There are no adverse sustainability impacts arising from this report.

9. Consultation and engagement

9.1 None

10. Background reading/external references

10.1 None

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11. Appendices

Appendix 1: Outstanding Debt at 30 September 2017

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Market Debt (non LOBO)

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)	Annual Interest (£)
M	30/06/2005	30/06/2065	5,000,000.00	4.4	220,000.00
M	07/07/2005	07/07/2065	5,000,000.00	4.4	220,000.00
M	21/12/2005	21/12/2065	5,000,000.00	4.99	249,500.00
M	28/12/2005	24/12/2065	12,500,000.00	4.99	623,750.00
M	14/03/2006	15/03/2066	15,000,000.00	5	750,000.00
M	18/08/2006	18/08/2066	10,000,000.00	5.25	525,000.00
M	01/02/2008	01/02/2078	10,000,000.00	3.95	395,000.00
			62,500,000.00		2,983,250.00

Market Debt (LOBO)

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)	Annual Interest (£)
M	12/11/1998	13/11/2028	3,000,000.00	4.75	142,500.00
M	15/12/2003	15/12/2053	10,000,000.00	5.25	525,000.00
M	18/02/2004	18/02/2054	10,000,000.00	4.54	454,000.00
M	28/04/2005	28/04/2055	12,900,000.00	4.75	612,750.00
M	25/02/2011	25/02/2060	15,000,000.00	7.801	1,170,150.00
M	25/02/2011	25/02/2060	10,000,000.00	7.801	780,100.00
M	26/02/2010	26/02/2060	5,000,000.00	7.817	390,850.00
M	26/02/2010	26/02/2060	10,000,000.00	7.817	781,700.00
M	01/07/2005	01/07/2065	10,000,000.00	3.86	386,000.00
M	24/08/2005	24/08/2065	5,000,000.00	4.4	220,000.00
M	07/09/2005	07/09/2065	10,000,000.00	4.99	499,000.00
M	13/09/2005	14/09/2065	5,000,000.00	3.95	197,500.00
M	03/10/2005	05/10/2065	5,000,000.00	4.375	218,750.00
M	23/12/2005	23/12/2065	10,000,000.00	4.75	475,000.00
M	06/03/2006	04/03/2066	5,000,000.00	4.625	231,250.00
M	17/03/2006	17/03/2066	10,000,000.00	5.25	525,000.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	07/04/2006	07/04/2066	10,000,000.00	4.75	475,000.00
M	05/06/2006	07/06/2066	20,000,000.00	5.25	1,050,000.00
M	05/06/2006	07/06/2066	16,500,000.00	5.25	866,250.00
			212,400,000.00		11,463,300.00

PWLB Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)	Annual Interest (£)
M	09/10/2008	09/10/2017	5,000,000.00	4.39	219,500.00
M	03/04/1992	25/03/2018	30,000,000.00	10.875	3,262,500.00
M	23/04/2009	23/04/2018	15,000,000.00	3.24	486,000.00
M	17/09/1992	15/05/2018	8,496,500.00	9.75	828,408.75
M	09/06/2009	09/06/2018	5,000,000.00	3.75	187,500.00
M	17/09/1993	15/11/2018	5,000,000.00	7.875	393,750.00
M	23/03/1994	15/11/2018	5,000,000.00	8	400,000.00
M	14/03/1994	11/03/2019	2,997,451.21	7.625	228,555.65
M	18/10/1993	25/03/2019	5,000,000.00	7.875	393,750.00
M	30/03/2009	30/03/2019	5,000,000.00	3.46	173,000.00
M	21/04/2009	21/04/2019	10,000,000.00	3.4	340,000.00
M	23/04/2009	23/04/2019	5,000,000.00	3.38	169,000.00
A	12/11/2008	12/11/2019	1,332,622.66	3.96	67,596.76
M	23/03/1994	15/11/2019	5,000,000.00	8	400,000.00
M	07/12/1994	15/11/2019	10,000,000.00	8.625	862,500.00
A	01/12/2008	01/12/2019	1,316,942.90	3.65	61,641.34
M	01/12/2009	01/12/2019	5,000,000.00	3.77	188,500.00
M	14/12/2009	14/12/2019	10,000,000.00	3.91	391,000.00
M	15/02/1995	25/03/2020	5,000,000.00	8.625	431,250.00
M	21/04/2009	21/04/2020	10,000,000.00	3.54	354,000.00
M	12/05/2009	12/05/2020	10,000,000.00	3.96	396,000.00
M	21/10/1994	15/05/2020	5,000,000.00	8.625	431,250.00
M	07/12/1994	15/05/2020	5,000,000.00	8.625	431,250.00
M	21/11/2011	21/05/2020	15,000,000.00	2.94	441,000.00
M	16/08/1995	03/08/2020	2,997,451.21	8.375	251,036.54
M	09/12/1994	15/11/2020	5,000,000.00	8.625	431,250.00
A	10/05/2010	10/05/2021	2,015,869.88	3.09	73,129.21
M	21/10/1994	15/05/2021	10,000,000.00	8.625	862,500.00
M	10/03/1995	15/05/2021	11,900,000.00	8.75	1,041,250.00
M	12/06/1995	15/05/2021	10,000,000.00	8	800,000.00
M	02/06/2010	02/06/2021	5,000,000.00	3.89	194,500.00
M	16/08/1994	03/08/2021	2,997,451.21	8.5	254,783.35
M	28/04/1994	25/09/2021	5,000,000.00	8.125	406,250.00
M	23/04/2009	23/04/2022	5,000,000.00	3.76	188,000.00
M	12/06/1995	15/05/2022	10,200,000.00	8	816,000.00
M	14/06/2010	14/06/2022	10,000,000.00	3.95	395,000.00
M	31/03/1995	25/09/2022	6,206,000.00	8.625	535,267.50
M	16/02/1995	03/02/2023	2,997,451.21	8.625	258,530.17
M	24/04/1995	25/03/2023	10,000,000.00	8.5	850,000.00
M	05/12/1995	15/05/2023	5,200,000.00	8	416,000.00
M	20/09/1993	14/09/2023	2,997,451.21	7.875	236,049.28
M	20/09/1993	14/09/2023	584,502.98	7.875	46,029.61

PWLB Cont'd

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)	Annual Interest (£)
M	08/05/1996	25/09/2023	10,000,000.00	8.375	837,500.00
M	13/10/2009	13/10/2023	5,000,000.00	3.87	193,500.00
M	05/12/1995	15/11/2023	10,000,000.00	8	800,000.00
M	10/05/2010	10/05/2024	10,000,000.00	4.32	432,000.00
M	28/09/1995	28/09/2024	2,895,506.10	8.25	238,879.25
M	14/05/2012	14/11/2024	10,000,000.00	3.36	336,000.00
A	14/12/2009	14/12/2024	5,675,883.92	3.66	225,543.38
M	17/10/1996	25/03/2025	10,000,000.00	7.875	787,500.00
M	10/05/2010	10/05/2025	5,000,000.00	4.37	218,500.00
M	16/11/2012	16/05/2025	20,000,000.00	2.88	576,000.00
M	13/02/1997	18/05/2025	10,000,000.00	7.375	737,500.00
M	20/02/1997	15/11/2025	20,000,000.00	7.375	1,475,000.00
A	01/12/2009	01/12/2025	9,032,895.69	3.64	353,219.53
M	21/12/1995	21/12/2025	2,397,960.97	7.875	188,839.43
M	21/05/1997	15/05/2026	10,000,000.00	7.125	712,500.00
M	28/05/1997	15/05/2026	10,000,000.00	7.25	725,000.00
M	29/08/1997	15/11/2026	5,000,000.00	7	350,000.00
M	24/06/1997	15/11/2026	5,328,077.00	7.125	379,625.49
M	07/08/1997	15/11/2026	15,000,000.00	6.875	1,031,250.00
M	13/10/1997	25/03/2027	10,000,000.00	6.375	637,500.00
M	22/10/1997	25/03/2027	5,000,000.00	6.5	325,000.00
M	13/11/1997	15/05/2027	3,649,966.00	6.5	237,247.79
M	17/11/1997	15/05/2027	5,000,000.00	6.5	325,000.00
M	13/12/2012	13/06/2027	20,000,000.00	3.18	636,000.00
M	12/03/1998	15/11/2027	8,677,693.00	5.875	509,814.46
M	06/09/2010	06/09/2028	10,000,000.00	3.85	385,000.00
M	14/07/2011	14/07/2029	10,000,000.00	4.9	490,000.00
E	14/07/1950	03/03/2030	3,159.72	3	100.48
M	14/07/2011	14/07/2030	10,000,000.00	4.93	493,000.00
E	15/06/1951	15/05/2031	3,281.02	3	103.70
M	06/09/2010	06/09/2031	20,000,000.00	3.95	790,000.00
M	15/12/2011	15/06/2032	10,000,000.00	3.98	398,000.00
M	15/09/2011	15/09/2036	10,000,000.00	4.47	447,000.00
M	22/09/2011	22/09/2036	10,000,000.00	4.49	449,000.00
M	10/12/2007	10/12/2037	10,000,000.00	4.49	449,000.00
M	08/09/2011	08/09/2038	10,000,000.00	4.67	467,000.00
M	15/09/2011	15/09/2039	10,000,000.00	4.52	452,000.00
M	06/10/2011	06/10/2043	20,000,000.00	4.35	870,000.00
M	09/08/2011	09/02/2046	20,000,000.00	4.8	960,000.00
M	23/01/2006	23/07/2046	10,000,000.00	3.7	370,000.00
M	23/01/2006	23/07/2046	10,000,000.00	3.7	370,000.00
M	19/05/2006	19/11/2046	10,000,000.00	4.25	425,000.00

PWLB Cont'd

Loan	Start	Maturity	Principal	Interest	Annual

Type	Date	Date	Outstanding (£)	Rate (%)	Interest (£)
M	07/01/2008	07/01/2048	5,000,000.00	4.4	220,000.00
M	27/01/2006	27/07/2051	1,250,000.00	3.7	46,250.00
M	16/01/2007	16/07/2052	40,000,000.00	4.25	1,700,000.00
M	30/01/2007	30/07/2052	10,000,000.00	4.35	435,000.00
M	13/02/2007	13/08/2052	20,000,000.00	4.35	870,000.00
M	20/02/2007	20/08/2052	70,000,000.00	4.35	3,045,000.00
M	22/02/2007	22/08/2052	50,000,000.00	4.35	2,175,000.00
M	08/03/2007	08/09/2052	5,000,000.00	4.25	212,500.00
M	30/05/2007	30/11/2052	10,000,000.00	4.6	460,000.00
M	11/06/2007	11/12/2052	15,000,000.00	4.7	705,000.00
M	12/06/2007	12/12/2052	25,000,000.00	4.75	1,187,500.00
M	05/07/2007	05/01/2053	12,000,000.00	4.8	576,000.00
M	25/07/2007	25/01/2053	5,000,000.00	4.65	232,500.00
M	10/08/2007	10/02/2053	5,000,000.00	4.55	227,500.00
M	24/08/2007	24/02/2053	7,500,000.00	4.5	337,500.00
M	13/09/2007	13/03/2053	5,000,000.00	4.5	225,000.00
M	12/10/2007	12/04/2053	5,000,000.00	4.6	230,000.00
M	05/11/2007	05/05/2057	5,000,000.00	4.6	230,000.00
M	15/08/2008	15/02/2058	5,000,000.00	4.39	219,500.00
M	02/12/2011	02/12/2061	5,000,000.00	3.98	199,000.00
			1,005,654,117.89		54,210,901.68

SALIX

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)	Annual Interest (£)
E	07/01/2015	01/09/2021	315,828.56	0	0.00
E	31/03/2015	01/04/2023	1,081,738.44	0	0.00
E	22/09/2015	01/10/2023	285,739.61	0	0.00
			1,683,306.61		0.00