

TRANSFER AGREEMENT

dated 22 July 2014

Parties

- (1) The States of Jersey acting through the Minister for Treasury and Resources (the Guarantor); and
- (2) Andium Homes Limited (Andium Homes) whose registered office is at Jubilee Wharf, 24 Esplanade, St Helier, Jersey JE4 8XT.

Each a "Party" and together the "Parties".

Introduction

- (A) This Agreement is supplemental to the Social Housing (Transfer) (Jersey) Law 2013 (the 2013 Law) and sets out the respective contractual commitments of the Guarantor and Andium Homes.
- (B) By reason of the Property transferred to it under the 2013 Law, and regulations passed by the States of Jersey thereunder, Andium Homes agrees to pay to the Guarantor the Annual Return (defined below).
- (C) For the avoidance of doubt and in accordance with Article 86 of the Articles of Association, the Annual Return shall not be construed as a dividend payment.

Agreed terms

1. Definitions and Interpretation

- 1.1 In this Agreement and the schedules and annexes hereto the following words and phrases shall where the context so admits have the following meanings:

| | |
|----------------------|---|
| Agreement | means this Transfer Agreement; |
| Annual Return | means the amounts payable by Andium Homes to the Guarantor under Clause 2 of this Agreement; |
| Base Amount | means the sum of £6,736,600; |
| Business Day | means a day (other than Saturday or a Sunday or a public holiday) on which the banks are open for business in St. Helier, Jersey; |

| | |
|---------------------|--|
| Guarantor | means the States of Jersey acting through the Minister for Treasury and Resources in accordance with the Transfer Law; |
| Jersey RPI | means the Retail Price Index published by the States of Jersey as the main measure of inflation in Jersey; |
| Property | shall mean all that freehold land and buildings and all fixtures and fittings therein and rights in respect thereof which is more particularly described in the 2013 Law, together with the benefit of any rights reserved or covenants imposed in any conveyances transfers or leases of property adjacent or contiguous thereto previously sold by the States of Jersey and which benefit the Property together with any causes of action by the States of Jersey in connection with the Property; and |
| Quarter Date | means 31 March, 30 June, 30 September and 31 December. |

- 1.2 In this Agreement and the schedules and annexes hereto where the context so admits:
- 1.2.1 words denoting the singular shall include the plural and vice versa, words denoting the masculine gender shall include the feminine gender and vice versa, and words denoting persons shall include corporations;
- 1.2.2 reference to any laws, regulations and other legislative provisions shall be deemed (unless otherwise expressly stipulated) to include reference to any such provisions as from time to time amended, varied, replaced, extended or re-enacted and to any orders or regulations under such provisions;
- 1.2.3 in this Agreement unless the context otherwise requires references to clauses, schedules and annexes shall be deemed to be references to clauses of, and schedules and annexes to, this Agreement;
- 1.2.4 references to the Agreement or this Agreement shall (where the context so admits) be deemed to be references to the main body of this Agreement, the schedules and annexes to this Agreement and any contract, deed or instrument entered into under or in connection therewith or which is supplemental thereto;
- 1.2.5 in the schedules to this Agreement reference to clauses of the Agreement shall (where the context so admits) be deemed to be references to clauses in the main body of this Agreement and references in the schedules and annexes hereto to

paragraphs and appendices shall be deemed to be references to paragraphs of and appendices to the schedule in which the reference appears; and

1.2.6 including means including, without limitation.

1.3 If the date for any payment or action to be made or done under or in connection with this Agreement falls on a day that is not a Business Day, such payment or action shall not be required to be made or done until the next following day that is a Business Day.

1.4 In this Agreement clause and paragraph headings are included for ease of reference only and shall not affect this Agreement or the interpretation thereof.

2. **Annual Return**

2.1 In accordance with recital (B), Andium Homes shall pay the Guarantor in return for the transfer of the Property, periodic sums, in perpetuity, as follows (the **Annual Return**):

2.1.1 relating to the period from 1 July 2014 to 30 September 2014, the Base Amount, to be paid on 14 October 2014;

2.1.2 relating to each subsequent quarter ending on a Quarter Date, the Base Amount multiplied by the percentage increase in the Jersey RPI from June 2013 to the Jersey RPI in effect as at the June prior to such Quarter Date (provided that the September Quarter Date shall also be adjusted based on the Jersey RPI of the June in the preceding year), to be paid on the date falling fourteen days after such Quarter Date.

2.2 For the avoidance of doubt, clause 2.1.2 shall operate so that sum payable relating to the Quarter Dates falling on 31 December 2014, 31 March, 30 June and 30 September 2015 shall all be increased by the increase in Jersey RPI from June 2013 to June 2014, thereafter, the Quarter Dates falling on 31 December 2015, 31 March, 30 June and 30 September 2016 shall all be increased by the increase in Jersey RPI from June 2013 to June 2015, and so forth.

2.3 An illustration of the Annual Return amount, based on the calculation set out above, for the 5 year period 2015 to 2019, is attached at Schedule 1. The illustration shows two examples, one based on the June RPI being 3.6% in each year and one based on the June RPI being 2.5%.

2.4 Schedule 2 shall apply in respect of any change that may adversely affect the ability of Andium Homes to pay the Annual Return.

3. **Notices**

3.1 Any notice or other communication given to a Party under or in connection with, this Agreement shall be:

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in writing;

delivered by hand by pre-paid first-class post or other next working day delivery service or sent by fax; and

sent to:

the Guarantor at:

Treasury and Resources Department
P O Box 353
Cyril Le Marquand House
St Helier
Jersey
JE4 8UL

Fax: 01534 445502

Attention: Minister for Treasury and Resources

Andium Homes at:

its registered office noted above

Fax: XXXXXXXXXX

Attention: Chief Executive

or to any other address or fax number as is notified in writing by one Party to the other from time to time.

- 3.2 A notice or other communication given on a day that is not a Business Day, or after normal business hours, in the place it is received, shall be deemed to have been received on the next Business Day.

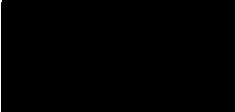
4 Severability of obligations

- 4.1 Any failure by a Party in respect of its obligations under any provision of this Agreement shall not be grounds to terminate, rescind or in anyway argue to be void any obligations under a different provision.

5. Governing law and jurisdiction

- 5.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the laws of Jersey.

- 5.2 Each Party irrevocably agrees that the Royal Court of Jersey shall have exclusive jurisdiction over any dispute or claim that arises out of, or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims).
- 5.3 The Parties agree that this Agreement constitutes a valid contract for the purposes of the laws of Jersey.

Signed by.....  Date..... 15/7/2011,
Minister for Treasury and Resources

Signed by.....  Date..... 22.07.11
Chairman, Andium Homes Limited

Schedule 1

(Clause 2.3)

Annual Return Illustrations

| RPI @ 3.6% | | | | | |
|------------|-----------|-----------|-----------|-----------|--------------|
| | Q1 (£000) | Q2 (£000) | Q3 (£000) | Q4 (£000) | Total (£000) |
| 2014 | | | 6,736.6 | 6,979.1 | |
| 2015 | 6,979.1 | 6,979.1 | 6,979.1 | 7,230.4 | 28,167.7 |
| 2016 | 7,230.4 | 7,230.4 | 7,230.4 | 7,490.7 | 29,181.8 |
| 2017 | 7,490.7 | 7,490.7 | 7,490.7 | 7,760.3 | 30,232.3 |
| 2018 | 7,760.3 | 7,760.3 | 7,760.3 | 8,039.7 | 31,320.7 |
| 2019 | 8,039.7 | 8,039.7 | 8,039.7 | 8,329.1 | 32,448.2 |

| RPI @ 2.5% | | | | | |
|------------|-----------|-----------|-----------|-----------|--------------|
| | Q1 (£000) | Q2 (£000) | Q3 (£000) | Q4 (£000) | Total (£000) |
| 2014 | | | 6,736.6 | 6,905.0 | |
| 2015 | 6,905.0 | 6,905.0 | 6,905.0 | 7,077.6 | 27,792.7 |
| 2016 | 7,077.6 | 7,077.6 | 7,077.6 | 7,254.6 | 28,487.5 |
| 2017 | 7,254.6 | 7,254.6 | 7,254.6 | 7,435.9 | 29,199.7 |
| 2018 | 7,435.9 | 7,435.9 | 7,435.9 | 7,621.8 | 29,929.7 |
| 2019 | 7,621.8 | 7,621.8 | 7,621.8 | 7,812.4 | 30,677.9 |

Schedule 2

Variation Procedure

(clause 2.4)

- 1.1 The Annual Return is an absolute contractual obligation of Andium Homes that shall not be subject to variation unless such variation is consented to by the Guarantor in its absolute discretion.
- 1.2 Notwithstanding paragraph 1.1, Andium Homes may apply to the Guarantor for a reduction, either generally or for a particular period, to the amount otherwise payable as the Annual Return.
- 1.3 Andium Homes shall provide a detailed explanation of the rationale for any such requested reduction, and shall make available personnel to discuss with the Guarantor any aspect that the Guarantor considers merits further explanation or discussion and shall provide such additional supporting documentation as the Guarantor may reasonably request.
- 1.4 In particular, the Guarantor and Andium Homes shall discuss ways in which Andium Homes may mitigate the effect of any circumstance that is, will or may adversely affect its financial status or financial performance and the Guarantor may request:
 - 1.4.1 evidence that Andium Homes has minimised any increase in costs or maximised any reduction in costs; and
 - 1.4.2 evidence (or further evidence) as to how the matter or circumstance specified has affected Andium Homes.
- 1.5 The Guarantor shall consider each application by Andium Homes hereunder within a reasonable period of time, and on the merits of such application. The Guarantor shall notify Andium Homes of its determination under this Schedule 2 not later than one month following the date of Andium Homes' application under paragraph 1.2.
- 1.6 The Guarantor, in its absolute discretion, may grant or refuse to grant any reduction requested by Andium Homes in accordance with this Schedule 2, and may grant a reduction in an amount that differs from that applied for, in each such case, subject to such conditions or requirements as the Guarantor may impose.
- 1.7 If the Guarantor shall decline any application, it shall provide detailed reasons for such decision.