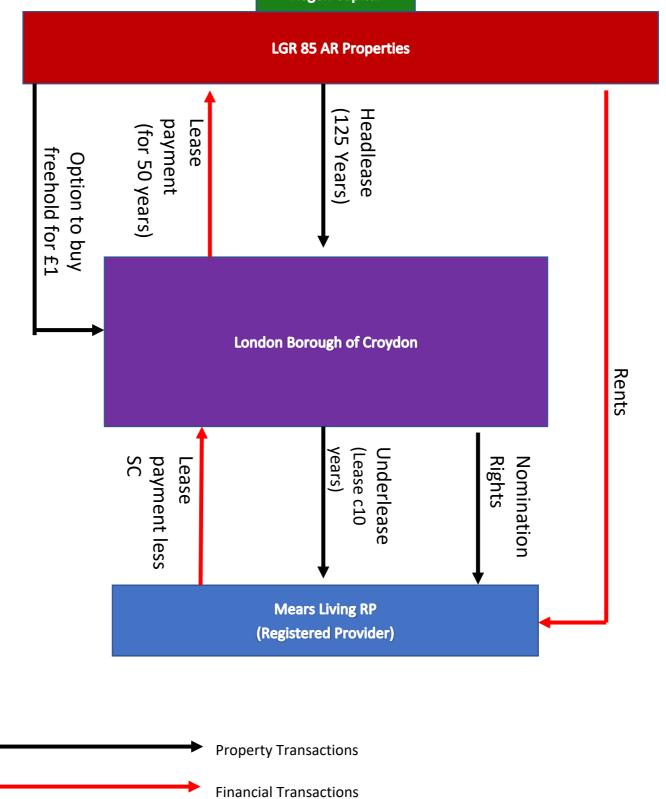
Freehold Owner Regen Capital



Accounting Steps

- 1. Council takes on 85 properties over a 125 year lease
- 2. The Council will pay no upfront monies to the lessor
- 3. The Council will pay pre-agreed lease payments over 50 years
- 4. The lessor will provide 2 years of lease free periods however the lessor will refund the Council in year 1 for both year however the Council will need to make the lease payments
- 5. The Council will then underlease the properties for a period of 10 years to another entity
- 6. The underlessee will be required to pay the Council a pre-agreed amount of lease over the 10 years [IFRS16]
- 7. The Council will be responsible for the lifecycle/major works.

Proposal

Council Balance Sheet

- 1. DR Non-Current Assets Dwelling
- 2. CR Non-Current Liabilities
- 3. DR Bank for the Cash for 2 years lease free
- 4. CR Reserves [to be drawn down in each of the years]