

**HBOS SOCIAL HOUSING COVERED BONDS LLP
QUARTERLY REPORT - QUARTER 4 2011**

Date of Report 15-Dec-2011

Current Counterparties

Group Guarantors	HBOS plc
Servicer	Bank of Scotland plc
Cash Manager	Bank of Scotland plc
Covered Bond Swap Provider	Bank of Scotland plc
Interest Rate Swap Provider	Bank of Scotland plc
Account Bank Provider	Bank of Scotland plc

GIC Sub Accounts

Revenue GIC Sub-Account	31,085,871
Principal GIC Sub-Account	854,207,099
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
GIC Account Total	885,292,969

Transaction Accounts

Transaction Principal Account	0
Transaction Revenue Account	69
Transaction Account Total	69

Investments

Substitution Assets Balance	0
Authorised Investments Balance	0
Total	0

Capital Contribution Balance

Capital Account - Bank of Scotland	1,763,514,782
Capital Account - Addison Social Housing LLP	0
Total	1,763,514,782

Credit Ratings

	Short Term		Long Term	
	Moody's	S&P	Moody's	S&P
Bank of Scotland plc	P-1	A-1	A1	A

HBOS Event of Default?

LLP Event of Default?

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Asset Coverage Test *

* The full definition of the Asset Coverage Test is documented within the Offering Circular

A = Net Current Balance of Loans in the Portfolio x Asset Percentage	2,874,958,603
B = Unapplied Principal Receipts	0
C = Unapplied Cash Capital Contributions	790,465,630
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	57,996,726

Total: A+B+C+D+E-X **3,607,427,507**

Principal Amount Outstanding	2,400,000,000
Asset Coverage Test	PASS
Asset Percentage	83.30%
Maximum Level of Issuance	104.52%
Current Level of Issuance	69.54%

Portfolio Characteristics

Total of the aggregate Current Balance of Loans in the Portfolio	3,451,330,856
Number of Loan Agreements in the Portfolio	67
Average Loan Balance	51,512,401

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	286,970,659	8.3%	4	27
East Midlands	356,210,332	10.3%	4	64
London	678,923,892	19.7%	15	76
North East	0	0.0%	0	0
North West	226,973,187	6.6%	8	63
South East	988,215,928	28.6%	13	113
South West	408,289,272	11.8%	11	74
Wales	48,449,644	1.4%	2	18
West Midlands	409,635,371	11.9%	8	48
Yorkshire & The Humber	47,662,571	1.4%	2	11
Totals	3,451,330,856	100.0%	67	494

Margin

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	12	669,907,649
25 bps - <30 bps	20	1,195,952,833
30 bps - <40 bps	11	723,684,858
40 bps - <50 bps	8	236,634,797
50 bps - <60 bps	4	100,394,721
60 bps - <80 bps	4	142,718,764
80 bps - <100 bps	4	186,123,439
100 bps - <120 bps	1	22,677,064
120 bps - <140 bps	3	173,236,731
140 bps +	0	0
Total	67	3,451,330,856
Weighted average (bps)		40.39

Property Numbers

Property Numbers	No. Facilities	Balance
0 units - <500 units	23	368,013,157
500 units - <1,000 units	14	618,228,513
1,000 units - <2,000 units	8	414,574,903
2,000 units - <3,000 units	3	293,226,160
3,000 units - <4,000 units	4	317,642,460
4,000 units - <5,000 units	6	570,362,350
5,000 units - <10,000 units	8	790,417,597
10,000 units - <15,000 units	0	0
15,000 units - <20,000 units	1	78,865,716
20,000 units +	0	0
Total	67	3,451,330,856
Weighted average (units)		3,481

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Portfolio Characteristics (cont)

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	4	233,035,408
5 years - <10 years	2	40,055,238
10 years - <15 years	6	97,405,746
15 years - <20 years	6	347,298,163
20 years - <25 years	17	903,220,387
25 years - <30 years	22	1,090,051,969
30 years +	10	740,263,947
Total	67	3,451,330,856
Weighted average (years)		23.1

Last Valuation	No. Facilities	Balance
2000 - 2002	1	5,002,703
2002 - 2004	3	66,847,877
2004 - 2006	14	616,942,858
2006 - 2008	31	1,665,969,795
2008 - 2010	18	1,096,567,623
2010 - present	0	0
Total	67	3,451,330,856
Weighted average (date)		Feb-2008

Rank	Balance	Percentage
1	189,762,805	5.50%
2	188,564,217	5.46%
3	175,535,454	5.09%
4	150,140,999	4.35%
5	142,371,434	4.13%
6	125,189,198	3.63%
7	106,984,451	3.10%
8	100,580,893	2.91%
9	99,374,432	2.88%
10	96,113,652	2.78%

Asset Cover Analysis at Calculation Date

Asset Cover - Covenant No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
100% - <105%	1	0	0	1
105% - <110%	11	2	0	4
110% - <115%	4	1	11	5
115% - <120%	1	0	8	1
120% - <125%	0	0	6	1
125% - <130%	1	0	5	0
130% - <135%	2	0	2	0
135% - <140%	0	0	0	0
140% +	0	0	0	0
Total	20	3	32	12
				67

Asset Cover - Actual No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
100% - <105%	1	0	0	0
105% - <110%	5	0	0	0
110% - <115%	1	0	2	2
115% - <120%	1	0	2	4
120% - <125%	1	0	3	1
125% - <130%	1	0	4	1
130% - <135%	3	0	3	0
135% - <140%	0	0	0	0
140% +	8	3	17	4
Total	21	3	31	12
				67

Drawn Balance by Actual Asset Cover	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
100% - <105%	6,869,599	0	0	0
105% - <110%	121,991,048	0	0	0
110% - <115%	20,131,249	0	156,359,038	149,388,649
115% - <120%	150,140,999	0	97,451,541	469,385,975
120% - <125%	92,403,655	0	78,953,855	100,580,893
125% - <130%	96,113,652	0	133,910,342	70,508,258
130% - <135%	157,659,299	0	47,438,138	0
135% - <140%	0	0	0	0
140% +	524,577,344	177,866,776	577,815,644	221,784,902
Total	1,169,886,845	177,866,776	1,091,928,558	1,011,648,677
				3,451,330,856

Basis I = Existing Usage Valuation (EUV), which provides a valuation of the housing stock based on current occupancy levels.
 Basis II LSVT = Market Valuation subject to Tenancies (MVT), which provides a valuation of the housing stock based on full occupancy levels.
 Basis II - Mixed-funded = Housing stock is valued on Basis I and Basis II - LSVT, as above.
 Multiple Bases = Following consolidation in the sector, many RSL's now hold housing stock which has been valued on various bases.