

**HBOS SOCIAL HOUSING COVERED BONDS LLP
QUARTERLY REPORT - QUARTER 2 2012**

Date of Report 15-Jun-2012

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	31,227,374
Principal GIC Sub-Account	78,587,291
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
GIC Account Total	109,814,665

Transaction Accounts

Transaction Principal Account	0
Transaction Revenue Account	71
Transaction Account Total	71

Investments

Substitution Assets Balance	0
Authorised Investments Balance	0
Total	0

Capital Contribution Balance

Capital Account - Bank of Scotland	956,520,229
Capital Account - Addison Social Housing LLP	0
Total	956,520,229

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	2,751,865,397
B = Unapplied Principal Receipts	0
C = Unapplied Cash Capital Contributions	0
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	54,639,472

Total: A+B+C+D+E-X **2,697,225,925**

Principal Amount Outstanding	2,400,000,000	
Asset Coverage Test	<table border="1"><tr><td>PASS</td></tr></table>	PASS
PASS		
Asset Percentage	83.30%	
Maximum Level of Issuance	81.65%	
Current Level of Issuance	72.65%	

Portfolio Characteristics

Total of the aggregate Current Balance of Loans in the Portfolio	3,303,559,900
Number of Loan Agreements in the Portfolio	63
Average Loan Balance	52,437,459

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	286,975,772	8.7%	4	24
East Midlands	360,230,401	10.9%	4	64
London	651,303,002	19.7%	15	81
North East	0	0.0%	0	0
North West	234,352,397	7.1%	8	66
South East	878,680,017	26.6%	12	100
South West	398,807,584	12.1%	9	64
Wales	46,915,652	1.4%	2	18
West Midlands	402,378,324	12.2%	7	45
Yorkshire & The Humber	43,916,751	1.3%	2	12
Totals	3,303,559,900	100.0%	63	474

Margin

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	9	547,300,916
25 bps - <30 bps	20	1,143,358,931
30 bps - <40 bps	9	558,789,722
40 bps - <50 bps	7	221,571,583
50 bps - <60 bps	4	104,205,851
60 bps - <80 bps	4	147,309,454
80 bps - <100 bps	5	295,023,653
100 bps - <120 bps	2	111,270,457
120 bps - <140 bps	3	174,729,334
140 bps +	0	0
Total	63	3,303,559,900
Weighted average (bps)		44.68

Property Numbers

Property Numbers	No. Facilities	Balance
0 units - <500 units	21	307,237,846
500 units - <1,000 units	13	531,957,095
1,000 units - <2,000 units	9	519,962,734
2,000 units - <3,000 units	2	120,501,587
3,000 units - <4,000 units	6	619,088,408
4,000 units - <5,000 units	3	359,003,769
5,000 units - <10,000 units	8	765,250,335
10,000 units - <15,000 units	0	0
15,000 units - <20,000 units	1	80,558,126
20,000 units +	0	0
Total	63	3,303,559,900
Weighted average (units)		3,505

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Portfolio Characteristics (cont)

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	4	235,157,480
5 years - <10 years	4	50,896,799
10 years - <15 years	5	136,238,466
15 years - <20 years	7	323,885,536
20 years - <25 years	17	789,592,182
25 years - <30 years	23	1,441,280,741
30 years +	3	326,508,698
Total	63	3,303,559,900
Weighted average (years)		22.6

Last Valuation	No. Facilities	Balance
2000 - 2002	1	5,002,531
2002 - 2004	3	59,126,168
2004 - 2006	14	595,365,225
2006 - 2008	27	1,556,892,010
2008 - 2010	18	1,087,173,967
2010 - present	0	0
Total	63	3,303,559,900
Weighted average (date)		Mar-2008

Rank	Balance	Percentage
1	189,813,686	5.75%
2	175,553,525	5.31%
3	159,027,334	4.81%
4	147,135,866	4.45%
5	137,215,425	4.15%
6	125,663,694	3.80%
7	106,992,029	3.24%
8	105,530,286	3.19%
9	100,654,233	3.05%
10	100,190,771	3.03%

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	0
105% - <110%	6	1	0	2
110% - <115%	3	1	9	5
115% - <120%	1	0	8	2
120% - <125%	2	0	4	2
125% - <130%	1	0	6	0
130% - <135%	1	0	2	0
135% - <140%	0	0	0	0
140% +	0	0	1	0
Total	15	2	30	11
				58

Asset Cover - Actual No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
100% - <105%	4	0	1	0
105% - <110%	2	0	0	0
110% - <115%	1	0	3	3
115% - <120%	0	0	3	4
120% - <125%	1	0	4	1
125% - <130%	1	0	3	1
130% - <135%	1	0	2	0
135% - <140%	0	0	2	0
140% +	7	2	12	3
Total	17	2	30	12
				61

Drawn Balance by Actual Asset Cover	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
100% - <105%	404,183,865	0	175,553,525	0
105% - <110%	58,027,405	0	0	0
110% - <115%	20,163,009	0	174,916,227	254,700,115
115% - <120%	0	0	112,506,466	371,392,143
120% - <125%	41,744,413	0	77,878,578	100,654,233
125% - <130%	22,027,520	0	73,248,866	72,713,633
130% - <135%	105,530,286	0	38,669,429	0
135% - <140%	0	0	178,638,953	0
140% +	446,796,330	169,338,025	231,249,742	173,627,135
Total	1,098,472,830	169,338,025	1,062,661,787	973,087,259
				3,303,559,900

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.