



**KINGDOM**  
Group

## Acquisitions & Disposals Policy

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HAPPY TO TRANSLATE

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## ACQUISITIONS & DISPOSALS POLICY

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## **ACQUISITIONS & DISPOSALS POLICY**

### **1. Introduction**

This policy applies to Kingdom Housing Association Limited and all its Subsidiary companies within the Kingdom Group of Companies.

The aim of this policy is to set out the circumstances and decision making process by which the Kingdom Group will consider acquisition or disposal of property or land as part of the overall approach to asset management of our existing homes and operational buildings. It will assist the Group in making best use of resources by rationalising or disposing of surplus or underperforming assets, or transferring assets between Group companies. It will also allow the exploration of acquiring assets where there is a strategic rationale for doing so.

This policy applies to both domestic and non domestic assets owned by the Group.

### **2. Statement of Intent**

We are committed to the principles of good corporate governance and sustainability and will endeavour to develop fair and consistent policies, procedures and practices.

In line with our commitment to equality and diversity, this policy can be made available in a variety of formats, including large print, translated into another language or other media. We will make any reasonable adjustments to assist you if you have a disability.

### **3. General Principles**

This policy refers to acquisitions and disposals in the context of our Asset Management Strategy.

Other relevant documents include:

- Asset Management Strategy 2026 to 2029
- Financial Regulations
- KHA Scheme of Delegation
- Disposal Consent Form
- Donations Policy
- Investment appraisal process and templates

- Stock disposal appraisal model

#### **4. Exclusions**

This policy does not apply to acquisition of land or homes when they are being procured or constructed as part of our new build programme. Properties become part of our asset portfolio at the point of handover from the contractor.

This policy also excludes donated land and assets as this is covered through the Donations Policy.

#### **5. Criteria for Asset Disposal**

There may be some instances where we consider selling or disposing of an asset. This may be a proactive or reactive approach. In such cases at least **one** of the following criteria must be met:

- The property is a long term empty home and will continue to be so for the foreseeable future
- The asset has poor financial performance comparative to the rest of our stock. This will be demonstrated using a Net Present Value (NPV) appraisal calculation. NPV will take account of projected net rental income and expenditure, planned investment requirements and appropriate discount rate.
- The market value is significant and liquidating the asset will help us to invest in a greater number of homes.
- Disposal will assist the Local Authority and / or other affordable housing partners with their strategic development or regeneration plans
- The property makes no contribution to our services or strategic objectives
- On occasion we will consider disposal of a portfolio of properties where this is not serving our strategic purpose.

We will consider the potential for disposal when a property or group of properties is creating a cause for concern either through performance, investment needs or operational challenges.

Triggers for review include but are not limited to:

- Demand; high sustained empty homes levels and difficulty letting
- Maintenance; extensive repairs and/or investment costs to bring a property to lettable standard

- Place based; operating challenges due to location, property type, etc
- Sustainability; energy performance / fuel costs to customers

Once identified for review, evaluation of the assets will be carried out, with options assessed to be determined on a case-by-case basis, ultimately arriving at recommendations to *invest, hold / disinvest, dispose, reconfigure, or repurpose the asset.*

Although disposal is not a primary focus, it is an important consideration when assessing options for the future of stock.

## **6. Intercompany Asset Disposal**

On occasion we will consider intercompany asset acquisition or disposal. We would consider the strategic rationale for such transactions for each entity and seek to transfer at a fair value.

Disposals also occur between the Group companies by way of a lease of a property from the parent company to a subsidiary. These are for the purposes of service provision, staff offices/ accommodation and for mid-market rent. These disposals follow our Disposal Consent Form process and are not subject to the criteria set out at section 5 above. We do on occasion also grant leases to external organisations.

On occasion

## **7. Criteria for Individual or Portfolio Asset Acquisition**

On a case by case basis we will consider an acquisition of an existing property or properties where this facilitates greater control or enables delivery of our planned investment programme. We have completed and will continue to consider the purchase of Shared Ownership homes where we have an existing interest for these reasons. An investment appraisal exercise will be carried out to support any and all such purchases.

We will also consider acquisition on a property portfolio basis where there is a strategic rationale for doing so. This will be subject to an investment appraisal and Board approval of a business case.

The Group will assess opportunities that arise to increase our stock profile in a way that supports our business aims and return a positive Net Present Value (NPV) over the 30-year life of the Business Plan. In exceptional circumstances where an acquisition otherwise delivers an

ability to meet our strategic objectives by facilitating more significant control or impact on wider investment, a negative NPV could be considered in context and with a full option appraisal provided to inform a decision.

In some cases, acquisitions may attract grant funding from The Scottish Government, but this will depend on the nature of the proposal, the local authority and how it fits with the local authority and Scottish Government priorities. The eligibility and level of grant is assessed for each project and plays a key part in determining financial viability.

## **8. Protecting our Customers interests**

The Scottish Housing Regulator has developed guidance for RSLs to follow. This is called 'Tenant Consultation and Approval,' this guidance will be closely followed during any potential disposal where customers are impacted.

Where there is a requirement for the customer to move from their home before disposal, KHA will offer suitable alternatives and assist with contacting other RSLs within the area.

## **9. Value for Money**

If an asset is being sold by the Group, then it should be sold at market value or above (as determined by independent valuation). If the offer is below market value a valid case for accepting the offer must be provided and approved in line with our Scheme of Delegation and Financial Regulations. Offers above market value will also be approved in line with our Scheme of Delegation and Financial regulations. Views of professionals such as a solicitor, estate agent or surveyor will be included within the 'case for accepting the offer.'

If the property is being sold to an independent individual or organisation it will be expected that the property has been advertised on the open market for a period of time, ensuring that the best possible value has been reached. It would be expected that the asset would be sold for at least a minimum of the valuation amount. Advice from both a solicitor and estate agent will be sought before accepting any offer.

## **10. Governance**

As a registered provider of social housing, KHA will seek to meet all relevant legislation and standards set by the Scottish Housing Regulator in the application of this disposals policy. Housing (Scotland) 2010 (as amended) Act requires RSLs to notify the Regulator of any disposal

of land or other assets as soon as reasonably practicable after the disposal is made. We will also have due regard to our charitable objects and the requirements of charity law and the OSCR when making disposals. Where land and property are intended to be disposed of, we will always seek legal advice to support any transaction.

Prior to any disposal recommendation a reconciliation of any required grant repayment to the Scottish Government will be carried out and factored into the appraisal model.

Should a property be held as a security for loan purposes, then this will be taken account of as part of the disposal process and the disposal approved by the Finance Director.

Intercompany disposals or acquisitions will be progressed in line with our current regulatory requirements, governance arrangements, Board and Committee remits.

## **11. Monitoring and Review**

This policy will be reviewed 5 years from the date of implementation or latest review, which will be the date the policy is approved by the Board of Management/Board of Directors, or earlier if deemed appropriate. In the event that this policy is not reviewed within the above timescale, the latest approved policy will continue to apply.