

PROGRAMME MEMORANDUM



BLEND FUNDING PLC

(incorporated in England with limited liability under the Companies Act 2006 with registration number 11352234)

£3,000,000,000

Secured Euro Medium Term Note Programme

Under this £3,000,000,000 Secured Euro Medium Term Note Programme (the **Programme**), bLEND Funding Plc (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in Sterling.

The maximum aggregate principal amount of all Notes from time to time outstanding under the Programme will not exceed £3,000,000,000, subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Programme Memorandum to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

Subject as set out below, the net proceeds from each issue of Notes will be advanced by the Issuer to one or more registered providers of social housing, registered social landlords or registered housing associations, as applicable, in England, Wales, Scotland and Northern Ireland (each, a **Borrower**) pursuant to one or more loan agreements (each, a **Loan Agreement**). All Series of Notes will have the benefit of a first floating charge, created by the Issuer pursuant to the Trust Deed dated 8th August, 2018 (such Trust Deed as amended and restated on 31st July, 2020, the **Trust Deed**) between the Issuer and The Law Debenture Trust Corporation p.l.c. (the **Trustee**), on the whole of the Issuer's undertaking, property and assets in favour of the Trustee for the benefit of the holders of all Series of Notes and the other Secured Creditors (as defined in the Trust Deed).

Application has been made to the London Stock Exchange plc (the **London Stock Exchange**) for Notes issued by the Issuer under the Programme during the period of 12 months from the date of this Programme Memorandum to be admitted to the London Stock Exchange's International Securities Market (**ISM**). The ISM is not a United Kingdom (**UK**) regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments, which forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**) (**UK MiFIR**).

The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the Financial Conduct Authority (FCA). The London Stock Exchange has not approved or verified the contents of this Programme Memorandum.

References in this Programme Memorandum to Notes being **admitted to trading** (and all related references) shall mean that such Notes have been admitted to trading on the ISM, so far as the context permits.

The Programme provides that Notes may be listed and/or admitted to trading on such other or further stock exchange or stock exchanges as may be agreed between the Issuer and the relevant Dealer.

Notice of the aggregate principal amount of Notes, interest (if any) payable in respect of Notes and the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set forth in a pricing supplement (the **Pricing Supplement**) which, with respect to Notes to be admitted to trading on the ISM, will be delivered to the London Stock Exchange. Copies of Pricing Supplements in relation to Notes to be admitted to trading on the ISM will also be published on the website of the London Stock Exchange through a regulatory information service or will be published in such other manner permitted by the International Securities Market Rulebook effective as of 1st January, 2021 (as may be modified and/or supplemented and/or restated from time to time, the **ISM Rulebook**).

This Programme Memorandum does not constitute a base prospectus for the purposes of a listing or an admission to trading on any market in the European Economic Area (the **EEA**) which has been designated as a regulated market for the purposes of Directive 2014/65/EU (as amended, **MiFID II**). This Programme Memorandum does not constitute a base prospectus for the purposes of a listing or an admission to trading on any market in the UK which has been designated as a UK regulated market for the purposes of UK MiFIR. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold in the United States or, if Category 2 is specified in the applicable Pricing Supplement, to, or for the account of or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state or other jurisdiction of the United States.

The Programme has been rated "A2" by Moody's Investors Service Limited (**Moody's**). The rating of each Tranche of Notes will be disclosed in the applicable Pricing Supplement and will be the same as the rating assigned to the Programme by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Arrangers

HSBC

RBC Capital Markets

Dealers

HSBC

RBC Capital Markets

Lloyds Bank Corporate Markets

NatWest Markets

The date of this Programme Memorandum is 5th March, 2024.

IMPORTANT INFORMATION

This Programme Memorandum comprises admission particulars in respect of all Notes issued under the Programme and admitted to trading, in accordance with the ISM Rulebook.

The Issuer accepts responsibility for the information contained in this Programme Memorandum. Having taken all reasonable care to ensure that such is the case, the information contained in this Programme Memorandum is, to the best of the Issuer's knowledge, in accordance with the facts and contains no omission likely to affect the import of such information.

This Programme Memorandum is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" below). This Programme Memorandum should be read and construed on the basis that such documents are incorporated in, and form part of, this Programme Memorandum.

Each Tranche of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the Conditions) as supplemented by a document specific to such Tranche (the *applicable Pricing Supplement*) or in a separate programme memorandum specific to such Tranche of Notes (the *Drawdown Memorandum*). In the case of a Tranche of Notes which is the subject of a Drawdown Memorandum, each reference in this Programme Memorandum to information being specified or identified in the applicable Pricing Supplement shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Memorandum unless the context requires otherwise. In relation to any Tranche of Notes which is the subject of a Pricing Supplement, this Programme Memorandum must be read and construed together with the applicable Pricing Supplement.

None of the Arrangers, the Dealers, their respective affiliates and the Trustee (as defined below) have independently verified (a) the information contained herein or (b) any matter which is the subject of any statement, representation, warranty or covenant of the Issuer contained in the Notes or any of the Programme Agreement, the Trust Deed, the Agency Agreement or the Custody Agreement (together, the *Programme Documents*). Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arrangers, the Dealers, their respective affiliates or the Trustee as to (a) the accuracy or completeness of the information contained in, or incorporated by reference in, this Programme Memorandum or any other information provided by the Issuer in connection with the Programme or (b) the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of the Notes or any Programme Document. No Arranger, Dealer or the Trustee accepts any liability in relation to the information contained in, or incorporated by reference in, this Programme Memorandum or any other information provided by the Issuer in connection with the Programme.

Without prejudice to the generality of the foregoing paragraph, none of the Arrangers, the Dealers, their respective affiliates, the Trustee and the Issuer have independently verified the information in relation to each Borrower set out in any applicable Pricing Supplement or otherwise in this Programme Memorandum, on any website of such Borrower referred to therein or herein or, in the case of a Borrower with debt securities admitted to the Official List of the FCA, on a Regulatory Information Service as such term is defined in the Listing Rules of the FCA. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arrangers, the Dealers, their respective affiliates, the Trustee or the Issuer as to the accuracy or completeness of the information in relation to any Borrower referred to in any applicable Pricing Supplement or otherwise in this Programme Memorandum, on any such website or, if applicable, on any Registered Information Service.

The information in relation to each Borrower set out in each applicable Pricing Supplement or otherwise in this Programme Memorandum was obtained from each such Borrower who has certified to the Issuer the accuracy of such information. The Issuer confirms that such information has been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain from information published by each such Borrower, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No person is or has been authorised by the Issuer or the Trustee to give any information or to make any representation not contained in or not consistent with this Programme Memorandum or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any of the Arrangers, the Dealers, their respective affiliates or the Trustee.

Neither this Programme Memorandum nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation, (b) should be considered as a recommendation by the Issuer, any of the Arrangers, the Dealers, their respective affiliates or the Trustee that any recipient of this Programme Memorandum or any other information supplied in connection with the Programme or any Notes should purchase any Notes or (c) should be construed as legal, business, tax or other advice. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Programme Memorandum nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, any of the Arrangers, the Dealers, their respective affiliates or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Programme Memorandum nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuer is correct at any time subsequent to its date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arrangers, the Dealers, their respective affiliates and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any parent company or affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such parent company or affiliate on behalf of the Issuer in such jurisdiction.

In relation to any Social Bonds (as defined below) neither the Arrangers, the Dealers, their respective affiliates or the Trustee makes any representation as to the suitability of the Notes to fulfil any "social" criteria required by any prospective investors. The Arrangers, the Dealers, their respective affiliates and the Trustee have not undertaken, nor are responsible for, any assessment of the projects related to Social Bonds (as defined in "*Use of Proceeds*"), any verification of whether the projects related to Social Bonds may meet any such eligibility criteria or the monitoring of the use of proceeds.

In relation to any Sustainability Bonds (as defined below) neither the Arrangers, the Dealers, their respective affiliates or the Trustee makes any representation as to the suitability of the Notes to fulfil any "sustainable" criteria required by any prospective investors. The Arrangers, the Dealers, their respective affiliates and the Trustee have not undertaken, nor are responsible for, any assessment of the projects related to Sustainability Bonds (as defined in "*Use of Proceeds*"), any verification of whether the projects related to Sustainability Bonds may meet any such eligibility criteria or the monitoring of the use of proceeds.

IMPORTANT – EEA RETAIL INVESTORS – If the Pricing Supplement or the Drawdown Memorandum, as the case may be, in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – If the Pricing Supplement or the Drawdown Memorandum, as the case may be, in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (**FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II product governance / target market – The Pricing Supplement or the Drawdown Memorandum, as the case may be, in respect of any Notes may include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

UK MiFIR product governance / target market – The Pricing Supplement or the Drawdown Memorandum, as the case may be, in respect of any Notes will include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but

otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS PROGRAMME MEMORANDUM AND OFFERS OF NOTES GENERALLY

This Programme Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Programme Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Arrangers, the Dealers, their respective affiliates and the Trustee do not represent that this Programme Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arrangers, the Dealers, their respective affiliates or the Trustee which is intended to permit a public offering of any Notes or distribution of this Programme Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Programme Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Programme Memorandum or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Programme Memorandum and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Programme Memorandum and the offer or sale of Notes in the United States and the UK and a prohibition in respect of the sale of certain Notes to EEA retail investors, see "*Subscription and Sale*".

PRESENTATION OF INFORMATION

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Programme Memorandum will have the meaning attributed to them in "*Terms and Conditions of the Notes*" or any other section of this Programme Memorandum. In addition, the following terms as used in this Programme Memorandum have the meanings defined below:

- references to **Sterling** and **£** refer to pounds sterling; and
- references to a **billion** are to a thousand million.

Certain figures and percentages included in this Programme Memorandum have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Programme Memorandum or any applicable supplement;

- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets;
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (vi) understands the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the Notes.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

CONTENTS

	Page
Overview of the Programme	9
Risk Factors	17
Documents Incorporated by Reference	33
Form of the Notes	34
Applicable Pricing Supplement	36
Terms and Conditions of the Notes	47
Use of Proceeds	70
Description of the Issuer	72
Description of the Borrowers	76
Description of the Loan Agreements and the Core Terms	80
Taxation	85
Subscription and Sale	87
General Information	90

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Programme Memorandum and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event and if appropriate, a new Programme Memorandum will be published.

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this Overview.

Issuer: bLEND Funding Plc

Issuer Legal Entity Identifier (LEI): 213800Y8TMLUT9SN1E94

Risk Factors: There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "*Risk Factors*" below and include factors which may affect the Issuer's and/or a Borrower's ability to fulfil their obligations under the Notes and the relevant Loan Agreement, respectively. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme.

Description: Secured Euro Medium Term Note Programme

Arrangers: HSBC Bank plc
RBC Europe Limited

Dealers: HSBC Bank plc
RBC Europe Limited
Lloyds Bank Corporate Markets plc
NatWest Markets Plc

and any other Dealers appointed in accordance with the Programme Agreement.

Certain Restrictions: Each issue of Notes will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Programme Memorandum.

Notes having a maturity of less than one year

Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (FSMA) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000, see "*Subscription and Sale*".

Trustee:	The Law Debenture Trust Corporation p.l.c.
Principal Paying Agent, Agent Bank and Custodian:	The Bank of New York Mellon, London Branch
Programme Size:	Up to £3,000,000,000 outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Pricing Supplement or Drawdown Memorandum:	Notes issued under the Programme may be issued either (1) pursuant to this Programme Memorandum and the applicable Pricing Supplement or (2) pursuant to a Drawdown Memorandum. The terms and conditions applicable to a particular Tranche of Notes will be the Terms and Conditions of the Notes as supplemented by the applicable Pricing Supplement or, as the case may be, replaced or modified to the extent set out in the relevant Drawdown Memorandum.
Use of proceeds:	<p>The net proceeds from each issue of Notes (excluding the Retained Notes (if any)) will be advanced by the Issuer to one or more Borrowers for the purposes and on the terms set out under "<i>Description of the Borrowers</i>" and "<i>Description of Core Terms of the Loan Agreements</i>" below, subject to there being no event under the relevant Loan Agreement pursuant to which the advance would not be made. In the event that a Borrower's drawdown date under the relevant Loan Agreement is later than the issue date of the relevant Tranche of Notes, the net proceeds will, until advanced, be: (i) held on deposit with a bank or financial institution with a credit rating which will not adversely affect the then current rating of the Issuer or the Notes; (ii) invested in instruments denominated in Sterling which have a maturity date before the drawdown date under the relevant Loan Agreement and which are direct obligations of the UK or of any agency or instrumentality of the UK which are guaranteed by the UK; or (iii) invested in instruments denominated in Sterling which have a maturity date before the drawdown date under the relevant Loan Agreement and which are issued by or guaranteed by sovereign or supranational issuers with a rating as provided by a Rating Agency at least equal to the rating of the UK as provided by such Rating Agency at the time of such investment.</p> <p>The net proceeds of the sale of Retained Notes to a third party will be advanced by the Issuer (with the exception of a sum equivalent to the relevant number of days' accrued interest, which will be retained by the Issuer) to one or more Borrowers, for the purposes and on the terms set out under "<i>Description of the Borrowers</i>" and "<i>Description of Core Terms of the Loan Agreements</i>" below, subject to there being no event under the relevant Loan Agreement pursuant to which the advance would not be made. In the event that a Borrower's drawdown date under the relevant Loan Agreement is later than the date of the sale of Retained Notes to a third party, the net proceeds will, until advanced, be:</p>

(i) held on deposit with a bank or financial institution with a credit rating which will not adversely affect the then current rating of the Issuer or the Notes; (ii) invested in instruments denominated in Sterling which have a maturity date before the drawdown date under the relevant Loan Agreement and are direct obligations of the UK or of any agency or instrumentality of the UK which are guaranteed by the UK; or (iii) invested in instruments denominated in Sterling which have a maturity date before the drawdown date under the relevant Loan Agreement and which are issued by or guaranteed by sovereign or supranational issuers with a rating as provided by a Rating Agency at least equal to the rating of the UK as provided by such Rating Agency at the time of such investment.

The THFC Group (as defined below) has established a social bond framework for its members, including the Issuer. Under the Social Bond Framework (as defined under the section "*Use of Proceeds*"), the Issuer may issue social bonds to finance and/or refinance, in whole or in part, social/affordable housing projects falling within the categories set out in the Social Bond Framework or other activities carried out in support of those projects and the relevant Borrower's social purpose.

The THFC Group has also established a sustainable bond framework for its members, including the Issuer. Under the Sustainable Bond Framework (as defined under the section "*Use of Proceeds*"), the Issuer may issue sustainability bonds to finance and/or refinance, in whole or in part, sustainable housing projects falling within the categories set out in the Sustainable Bond Framework or other activities carried out in support of those projects and the relevant Borrower's sustainable purpose.

Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Notes will be denominated in Sterling only.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or Sterling.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes	The Notes will be issued in bearer form as described in " <i>Form of the Notes</i> ".
Fixed Rate Notes:	Fixed interest will be payable on the principal amount of each Note on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of the Day Count Fraction.

Floating Rate Notes:

Floating Rate Notes will bear interest on the principal amount of each Note at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in Sterling governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (b) on the basis of the reference rate set out in the applicable Pricing Supplement.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Redemption:

The applicable Pricing Supplement will indicate whether the relevant Notes will be redeemable at the option of the Issuer upon giving notice to the Noteholders on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

Final redemption:

Unless redeemed early as described below, Notes will be redeemed in accordance with the Pre-Enforcement Priority of Payments, by the Issuer, by application of the Available Issuer Receipts at the Final Redemption Amount specified in the applicable Pricing Supplement in Sterling on each Interest Payment Date in the period from and including the Expected Maturity Date specified in the Pricing Supplement to and including the Legal Maturity Date, until redemption and payment in full of principal and interest payable in respect of the Notes.

All outstanding Notes not redeemed in full prior to the Legal Maturity Date specified in the Pricing Supplement will be redeemed by the Issuer in accordance with the Pre-Enforcement Priority of Payments in full on the Legal Maturity Date, together with interest accrued.

Early redemption at the option of the Issuer:

The applicable Pricing Supplement will indicate whether the Notes will be redeemable at the option of the Issuer upon giving

notice to the Noteholders in accordance with Condition 9.2 (*Redemption at the option of the Issuer (Issuer Call)*). In such circumstances, the Issuer may redeem all or some of the Notes then outstanding at the Optional Redemption Amount on the Optional Redemption Date each as specified in applicable Pricing Supplement.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions - Notes having a maturity of less than one year*" above.

Denomination of Notes:

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to Sterling, see "*Certain Restrictions - Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note will be £100,000 or, if higher, the Sterling equivalent of €100,000.

Taxation:

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction unless such withholding or deduction is required by law as provided in Condition 10 (*Taxation*). In the event that any such deduction is made, the Issuer will not be obliged to make any additional payments to Noteholders in respect of such withholding.

Events of Default:

Following an Event of Default in relation to a Series of Notes, the Trustee may, and if so requested by the holders of at least one-fifth in principal amount of the Notes of that Series then outstanding shall (subject to it being secured and/or indemnified and/or pre-funded to its satisfaction) and, upon certain events, the Trustee having certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders, give notice to the Issuer and the Notes of that Series shall become immediately due and repayable.

The Events of Default include, *inter alia*, non-payment of any principal and interest due in respect of the Notes, failure of the Issuer to perform or observe any of its other obligations under the Notes and the Trust Deed and insolvency.

Status of the Notes:

The Notes will constitute direct, unconditional and secured obligations of the Issuer and will rank *pari passu* without any preference among themselves.

Security:

All Notes will be secured by a first floating charge on the whole of the Issuer's undertaking, priority and assets. All Notes issued under the Trust Deed shall rank *pari passu* under such security,

together with any other indebtedness intended by the Issuer to rank *pari passu* with the Notes, subject to Condition 4 (*Security*).

Priority of Payments:

On each Interest Payment Date up to, and including, the Expected Maturity Date (and, if the Notes are not redeemed in full on the Expected Maturity Date, each Interest Payment Date up to, and including, the Legal Maturity Date), the Issuer shall apply the Available Issuer Receipts in accordance with the Pre-Enforcement Priority of Payments.

Following an enforcement with respect to the Notes and the security therefor, all monies received by or on behalf of the Trustee and apportioned by the Trustee to the Notes of a Series pursuant to the Trust Deed shall be applied in accordance with the Enforcement Priority of Payments.

Covenants:

The Issuer will be subject to various covenants, including the following:

- (a) not engage in any activity other than raising finance and on-lending such finance to Registered Providers;
- (b) not create or permit to subsist any other security over any of its assets;
- (c) maintain up-to-date lists of Relevant Loans and make such lists, and the then current Core Terms, publicly available at all times;
- (d) not: (i) lend to any Registered Provider on terms less onerous to such Registered Provider or less beneficial to the Issuer than the then current Core Terms; (ii) agree to any modification, abrogation, waiver or release in respect of the obligations of a Registered Provider under any loan made to it if such modification, abrogation, waiver or release would have the effect of making the terms of such loan less onerous to the Registered Provider or less beneficial to the Issuer than the then current Core Terms; or (iii) modify the Core Terms except with the prior written consent of the Trustee who shall (subject as provided in the Trust Deed) be obliged to provide its consent if each Rating Agency has confirmed that such modification to the Core Terms will not have an adverse effect on the then current rating of the Issuer assigned by it; and
- (e) promptly and diligently enforce in all material respects the terms in each Relevant Loan equivalent to the Core Terms unless the Issuer shall have consented to any waiver or release of any specific default in connection therewith in circumstances where in the opinion of the Issuer the interests of the Noteholders will not be materially prejudiced thereby.

Retained Notes: On the Issue Date in respect of each Tranche of Notes, the Issuer may, if specified in the applicable Pricing Supplement, purchase Notes from the Dealers.

The Issuer may sell or dispose of all or some of the Retained Notes in the market by private treaty at any time. Upon the sale of all or part of the Retained Notes, the Issuer shall use the proceeds of such sale for on-lending to the Borrowers, with the Borrowers reimbursing the Issuer for the expenses of the sale and on-lending of the sale proceeds. In the event that a Borrower's drawdown date under the relevant Loan Agreement is later than the date of the sale of the Retained Notes to a third party, the net proceeds will, until advanced, be: (i) held on deposit with a bank or financial institution with a credit rating which will not adversely affect the then current rating of the Issuer or the Notes; (ii) invested in instruments which have a maturity date before the drawdown date under the relevant Loan Agreement and which are direct obligations of the UK or of any agency or instrumentality of the UK which are guaranteed by the UK; or (iii) invested in instruments denominated in Sterling which have a maturity date before the drawdown date under the relevant Loan Agreement and which are issued by or guaranteed by sovereign or supranational issuers with a rating as provided by a Rating Agency at least equal to the rating of the UK as provided by such Rating Agency at the time of such investment.

Until sold or disposed of, the Retained Notes will be held by the Custodian pursuant to the Custody Agreement.

Rating: The Programme has been rated "A2" by Moody's. The rating of each Tranche of Notes will be disclosed in the applicable Pricing Supplement and will be the same as the rating assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Listing and admission to trading: Application has been made for Notes issued under the Programme to be admitted to trading on the ISM.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer in relation to the relevant Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or market(s).

Governing Law: The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States and the UK and a prohibition in respect of the sale of certain Notes to EEA retail investors and UK retail investors. The Notes are subject to such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

United States Selling Restrictions:

Regulation S, Category 1/2, as specified in the applicable Pricing Supplement. TEFRA C or D/TEFRA not applicable, as specified in the applicable Pricing Supplement.

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Programme Memorandum a number of factors which could materially adversely affect its business and ability to make payments due.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Programme Memorandum and reach their own views prior to making any investment decision.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

Issuer is dependent on receipt of funds from the Borrowers

The Issuer's purpose is the incurrence of financial indebtedness, including the issuance of the Notes, and on-lending the proceeds thereof to the Borrowers, and anything incidental thereto. As such the Issuer is entirely dependent upon receipt of funds received from Borrowers under the Loan Agreements in order to fulfil its obligations under the Notes. Neither the Administrator nor any other person has any obligation to provide financial or other support to the Issuer in order that it may meet its obligations under the Notes.

Credit Risk

The ability of the Issuer to meet its obligations under the Notes will be dependent upon the payment of principal and interest due under the Loan Agreements by Borrowers (described under "*Description of the Borrowers*"), upon the Paying Agent making the relevant payments when received and upon all parties to the agreements relating to the Notes (other than the Issuer) performing their respective obligations thereunder. Accordingly, Noteholders are exposed, *inter alia*, to the creditworthiness of the Issuer, the Borrowers and the Paying Agent. In turn, the creditworthiness of these parties may be affected by the insolvency of any banks or other financial institutions at which any such party deposits cash, including during any interim period in which the proceeds of an issue of Notes or a sale of Retained Notes are held by the Issuer before being advanced to a Borrower (as set out in more detail in "*Use of Proceeds*" below). Any change to the creditworthiness of the parties could affect the ability of the Issuer to meet its payment obligations under the Notes.

Operational Risk

As an entity with a lending portfolio operating in the City of London, the Issuer is exposed to many types of operational risk that are inherent in financing operations, such as the ability to access its premises, cyber-attack, failure of payment systems and failure of internal controls as well as the consequences of fraud and other criminal activities, health and safety and environmental issues and acts of terrorism. These operational risks could have a material adverse effect on the Issuer's business, its financial condition and prospects and/or the results of the Issuer's operations. Consequently, this could have an adverse effect on the ability of the Issuer to meet its payment obligations in respect of the Notes.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as an entity with securities admitted to trading on the ISM.

Pensions Acts

Under the Pensions Act 2004, a person that is an employer in relation to certain occupational pension schemes, or "connected with" or an "associate" of such an employer, can be subject to either a contribution notice or a financial support direction in relation to that occupational pension scheme issued by the Pensions Regulator (contribution notices and financial support directions require financial support to be given to a pension scheme). The Administrator is an employer participating in such a defined benefit occupational scheme and certain of its employees are members of the board of directors of the Issuer. On this basis, the Issuer is likely to be treated as "connected with" the Administrator. The Administrator is also the parent company of the Issuer and so the Issuer is an "associate" of the Administrator.

A contribution notice may be issued by the Pensions Regulator against the Issuer if it is party to an act, or a deliberate failure to act (or a series of acts or deliberate failures to act), the main purpose or one of the main purposes of which is either (i) to prevent the recovery of the whole or any part of a debt which is, or might become, due from the employer under Section 75 of the Pensions Act 1995 or (ii) to prevent such a debt becoming due, to compromise or otherwise settle such a debt, or to reduce the amount of such a debt which would otherwise become due.

Further, a contribution notice may be issued by the Pensions Regulator against the Issuer where it considers that an act, or a deliberate failure to act (or a series of acts or deliberate failures to act) is "materially detrimental" to the likelihood of a person receiving the accrued pension scheme benefits. This is a wide power and means that the Pension Regulator does not have to show an intention to prevent the recovery of an employer debt to the pension scheme under Section 75 of the Pensions Act 1995.

The Pension Schemes Act 2021 introduced new additional circumstances where the Pensions Regulator may issue contribution notices. In summary, the new powers mean the Pensions Regulator may, in addition to the circumstances above, issue a contribution notice against the Issuer (i) where an act or failure to act reduces the value of the Administrator's resources, and the reduction is material relative to the estimated Section 75 employer debt in the pension scheme; and (ii) where an act or failure to act materially reduces the amount of the Section 75 employer debt in the pension scheme that is likely to be recovered on the insolvency of the Administrator (as scheme employer). The new powers are only available in relation to acts or failures to act which occur after 1st October, 2021.

A contribution notice can be issued up to six years after such acts or failures to act.

A financial support direction could be served by the Pensions Regulator on the Issuer where the Administrator (as the employer in respect of the pension scheme) is insufficiently resourced or is a service company (i.e. a company whose turnover is solely or mainly derived from providing services to other group companies). An employer is deemed to be insufficiently resourced pursuant to the Pensions Act 2004 if the value of its resources is less than 50 per cent. of the pension scheme's deficit (calculated on an annuity buy-out basis) and at that time there is a connected or associated person or persons with sufficient resources (or connected or associated persons with sufficient aggregate resources) to meet at least 50 per cent. of the pension scheme's deficit when combined with the employer's resources. A financial support direction may only be issued if the relevant conditions are met within a "look-back period" of 24 months ending when the Regulator issues a warning notice to the parties directly affected by the financial support direction under consideration.

Further provisions under the Pension Schemes Act 2021 introduce new criminal offences which mean the Issuer could, in certain circumstances, be liable for an unlimited fine. The Act: (i) introduces a criminal offence and financial penalty for failure to comply with a contribution notice without reasonable excuse; and (ii) introduces two new criminal offences relating to avoidance of employer debt and conduct which jeopardises accrued scheme benefits being paid; both offences are punishable by an unlimited fine or up to seven years imprisonment or both.

The Administrator's most recent audited accounts indicate that the value of its resources is currently in excess of 50 per cent. of the pension scheme's deficit (calculated on an annuity buy-out basis at the last available actuarial valuation, carried out as at 30th September, 2020). As the Administrator is a service company to the Issuer, a financial support direction could be issued against the Issuer at any time even if the Administrator's resources are not subsequently valued at less than 50 per cent. of the pension scheme's deficit.

However, the Pensions Regulator can only issue a contribution notice or financial support direction where it considers that it is reasonable to do so, having regard to a number of factors.

If a contribution notice or financial support direction were to be issued against the Issuer, this could have a material adverse effect on the Issuer's business, its financial condition and prospects and/or the Issuer's operations, which in turn could adversely affect Noteholders.

The Administrator complies with its funding obligations under the Pensions Act 2004 in relation to the defined benefit scheme. On 31st March, 2017 the Administrator closed the defined benefit pension scheme to future accrual.

FACTORS WHICH MAY AFFECT THE BORROWERS' ABILITY TO FULFIL THEIR OBLIGATIONS UNDER THE LOAN AGREEMENTS

Housing Market Risk

The Borrowers may generate a portion of their revenue from their housing for sale (and shared ownership) programmes and may, therefore, be exposed to market risk in relation to housing for sale, including both demand and pricing risks. Housing market risks which may impact upon both the rental market and the development of residential properties include overall conditions in the economy, the cost and availability of mortgage finance to prospective purchasers and the risk of changes to UK Government regulation (including, but not limited to, regulation relating to planning, taxation, landlords and tenants and welfare benefits). The maintenance of existing properties, development of existing sites and acquisition of additional sites may also be subject to the availability of finance facilities and the costs of facilities, interest rates and inflation.

Among other things, these market risks may impact upon the expenses incurred by a Borrower associated with their existing residential properties, the rental income produced by these properties, the value of its existing investments, its ability to develop land that it has acquired and its ability to acquire additional sites. Any or all of these could, in turn, impact upon a Borrower's cash flow and its ability to satisfy any covenants which it is required to maintain pursuant to the terms of existing facility arrangements or the relevant Loan. In turn, this could affect the ability of the Issuer to meet its payment obligations in respect of the Notes.

Rental Income, Housing Benefit and Social Housing Spending

A proportion of the rent received by each Borrower is derived from housing benefit payable by local authorities. Noteholders are exposed to the creditworthiness of Borrowers and any change in the welfare framework that could lead to the termination or reduction of tenants' housing benefit payments, or any delay in the payment of housing benefit, may increase the risks associated with this exposure.

If payments of housing benefit are reduced or terminated by the UK Government, this may accordingly have an adverse effect on the payment of rent because tenants would then have to pay a higher proportion or all of the rent themselves. The process of establishing a new claimant's entitlement may lead to delays in payment of housing benefit by local authorities. The receipt of rental payments by a Borrower, as landlord, may be delayed by the failure of the claimant to regularly pay rent which is due in addition to the housing benefit and/or, in circumstances where the housing benefit is not paid directly to the landlord, a failure to pass on the housing benefit payments to the landlord. In such circumstances, non-payment, or any delay in payment, could affect the ability of a Borrower to meet its payment obligations under the Loan to which it is a party. In certain

circumstances (such as where the tenant consents), housing benefit is currently paid directly to the landlords of tenants of social housing, although see below as to reform of the welfare system. This could, in turn, affect the ability of the Issuer to meet its payment obligations in relation to the Notes.

Universal Credit (currently in an extended "roll out" stage, the final managed migration stage of which is currently projected to be completed by the end of the financial year 2028/29), is a single means-tested benefit paid to those of working age (in and out of work), which will include an amount in respect of housing costs, which will replace housing benefit.

Currently, housing benefit can be paid directly to registered providers of social housing and the UK Government has admitted that some households may go into rent arrears as a consequence of the introduction of Universal Credit. This could affect the ability of a Borrower to meet its payment obligations under the Loan to which it is a party and, in turn, the ability of the Issuer to make payments on the Notes.

While Universal Credit starts on the first day of application, there remains a one calendar month assessment period to determine how much Universal Credit the claimant is entitled to and usually up to a further seven-day wait for the first payment to be made. Therefore a claimant, assuming that they do not otherwise benefit from a Universal Credit advance, may not receive a payment of Universal Credit until at least one month and seven days after the date on which a claim was filed. The reduction in total benefits received by certain tenants and the delay in receiving such benefits may result in affected tenants falling into rental arrears which may have the effect of reducing a Borrower's total rental income and a Borrower's ability to meet its payment obligations under the Loan to which it is a party. Ultimately, this may adversely impact the Issuer's ability to meet its payment obligations in respect of the Notes.

Rental Growth Risk

In England, rents for social housing are regulated by the Regulator of Social Housing at the direction of the Government.

On 4th October, 2017 the Government announced its proposals for increases in social housing rents to be limited to CPI plus 1 per cent. from 2020 to 2025. In order to implement this change, the Secretary of State directed the Regulator of Social Housing to set a new Rent Standard from April, 2020 and the Regulator of Social Housing published the new Rent Standard, which came into effect on 1 April, 2020. Notwithstanding this five year Rent Standard however, due to inflationary pressures in 2022/23 potentially having a significant impact on the affordability of CPI plus 1 per cent. rent increases for social sector tenants, on 14th December, 2022 the Government published its direction to the Regulator of Social Housing that the Regulator must publish a revised Rent Standard giving effect to the following:

- a one year 7 per cent. cap must be applied to rent increases made in 2023/24 for social rents (including any fair rent tenancies) and affordable rents.
- the usual exemptions to the Rent Standard will apply (i.e. shared ownership, intermediate rent, specialised supported housing, temporary supported housing, student housing, PFI, care homes and local authority housing with a secretary of state waiver).
- supported housing will be exempt from the 7 per cent. cap.

The direction by the Government did not change the basis for setting new formula rents or affordable rents, so the 7 per cent. cap did not apply to re-lets or first lets made during 2023/24. In addition, service charges remain outside the mandatory scope of the Rent Standard (although registered providers in England are expected to endeavour to keep increases in service charges in line with the increases in rents and this now includes a reference to the 2023/24 cap). Rent increases for the financial year 2024/25 were not subject to an additional

regulatory cap over and above the usual CPI plus 1 per cent limit which, for the financial year 2024/25, amounts to a rise of 7.7 per cent.

These arrangements relating to rental increases do not apply to Scotland. The Scottish Government does not generally stipulate a basis upon which rents charged for social housing in Scotland should be increased. There are, however, provisions in the Scottish Social Housing Charter (the **Charter**), a document issued by the Scottish Ministers on 1st November, 2022, which sets out the standards and outcomes which Scottish registered social landlords (**Scottish RSLs**) should aim to achieve when performing housing activities, in relation to rent setting. The expectation is that the new Charter will remain in place for five years. The powers of Scottish Ministers to prepare and publish the Charter are contained in the Housing (Scotland) Act 2010 (the **2010 Act**) and the Scottish Housing Regulator may take enforcement action against a Scottish RSL for failure to comply with the terms of the Charter.

Notwithstanding this five year Charter however, due to inflationary pressures potentially having a significant effect on the affordability of rent increases, on 6th September, 2022 the Scottish Government announced emergency legislation, in the form of the Cost of Living (Tenant Protection)(Scotland) Act 2022, to put in place a rent freeze until 31st March, 2023. This came into force on 28th October, 2022, and has been extended by the Scottish Parliament to have effect until March 2024, and so any rent increases issued to tenants (other than those expressly excluded from the legislation) on or after 6th September, 2022 will be invalid. While the provisions of the Act were extended in relation to private sector landlords, on 21st December, 2022 the Scottish Government announced that it would not do so in relation to social rents on the basis of a voluntary agreement with the Scottish Federation of Housing Associations to the effect that housing associations will always set rents with regard to a full and transparent consultation process with tenants and will seek to mitigate as much of the cost implications of inflationary price increases and interest rate rises as possible.

Under the terms of the 2010 Act and the Charter, Scottish RSLs are required to set rents in consultation with their tenants and to ensure that such rents are affordable. In the event that the Scottish Housing Regulator considered that a Scottish RSL had set rents which were unaffordable to its tenants, the Scottish Housing Regulator would have the power to serve an enforcement notice on the Scottish RSL requiring the Scottish RSL to take action to remedy such failure, including reducing the level of rent set. There is therefore a risk that a Scottish Borrower may be required by the Scottish Housing Regulator to set rents at a level below that which such Borrower considers is necessary to cover its operating costs and liabilities, including meeting its payment obligations on a timely basis under the Loan Agreement to which it is a party.

Pursuant to their powers under the Housing Associations Act 1985, the Housing Act 1996 and the Housing (Wales) Measure 2011, the Welsh Ministers have the power to set standards of performance in relation to Welsh registered social landlords' (**Welsh RSLs**) rents. In previous years they have published Welsh RSLs' target rent bands including annual statements in relation to increases to those rents, however the use of target rent bands has been suspended at the current time. The Welsh Government's Standard for Social Housing Rents and Service Charges (**Rent and Service Charge Standard**) was first published on 16th February, 2015, and most recently updated on 19th January, 2024 to cover the period from April 2020 to March 2025. The Rent and Service Charge Standard applies to sheltered as well as general needs stock (although not extra care or supported housing). The Rent and Service Charge Standard caps annual rent increases by the increase in CPI (the relevant CPI figure taken from the September prior to the rent increase) plus 1 per cent. The exception to this general rent increase rule is where CPI falls outside a range of between 0 per cent. and 3 per cent. (in which case the Minister for Housing and Regeneration makes a decision on the level of rent increases to be applied in that year only). The Rent and Service Charge Standard also provides that individual tenants' rent could increase by CPI+1 per cent. plus up to £2, on condition that the landlord's overall increase in rental income for all their stock is no greater than CPI+1 per cent.. Social landlords are expected to have their own rent and service charge policies and make their own decisions on how rents are increased each year, after making an assessment of cost efficiencies, value for money and affordability for tenants and these assessments and decisions must be reported annually to the Welsh Government. Due to inflationary pressures, following a consultation with Welsh landlords, the Welsh Government stipulated that rents may only rise by a maximum

of 6.5 per cent from April 2023, and then on 23rd October, 2023 further announced that social rents for the financial year 2024/25 may be increased by a maximum of 6.7 per cent.

In Northern Ireland, the Department for Communities is the regulatory authority for registered social housing providers (**RSHPs**). Although it publishes regulatory guidance, this does not prescribe particular rent increase requirements. The Housing Executive (the public housing authority for Northern Ireland) uses a set formula to work out how much rent it should charge for each of its properties. Each property is given a number of "points", depending on its building type, age, size and various other factors, and then each year the Housing Executive sets an increased monetary value for a "point", and tenants' rents are increased accordingly. Although many RSHPs in Northern Ireland will follow the same system that the Housing Executive uses (and the Housing Executive may ask RSHPs generally to use a particular rent increase each year), such arrangements are not compulsory, and so RSHPs are able to adopt their own rent policies (for example by increasing rents annually by a factor related to the increase in CPI). Unlike its counterparts in England, Scotland and Wales, the Department for Communities has not thus far intervened in rent setting for independent social landlords.

The Issuer is dependent on receiving payments under the Loan Agreements from Borrowers to fund payments in respect of the Notes and if rents are set by the relevant regulator or the Government at a level which adversely affects a Borrower's business, operations and financial condition, this could affect their ability to fund payments under their respective Loans which, in turn, may have an adverse effect on the Issuer's ability to make payments in respect of the Notes.

Non-payment Risks

The tenants of the Borrowers' properties are personally responsible for the rental payments on the relevant properties.

The *Sector Risk Profile 2023* published by the Regulator of Social Housing on 14th November, 2023, states that "High inflation and real terms wage reductions will increase financial pressure on households and could result in an increase in arrears" and that "many tenants are experiencing cost of living pressures and substantial real terms falls in incomes, and this increases the risk of rising arrears".

If any tenants of a Borrower's properties fail to pay rent in full or fail to pay rent in full on a timely basis, this could affect the relevant Borrower's business, operations and financial condition. In turn, this may affect the relevant Borrower's ability to meet its payment obligations under the Loan Agreement to which it is a party and, consequently, the ability of the Issuer to make payments in respect of the Notes.

Regulatory Risk

England, Wales, Scotland and Northern Ireland are the subject of separate regulatory and funding regimes. The funding and regulation of housing associations has undergone significant change in recent years. Noteholders are exposed to the creditworthiness of Borrowers and any change in the applicable regulatory framework which could lead to Borrowers being less tightly regulated may increase the risks associated with this exposure.

Compliance with the regulatory requirements may result in increased costs for some registered providers of social housing but much of what is required is already normal practice in the sector. See "*Description of the Borrowers – Regulation of housing associations*". Any breach of the regulatory requirements by a Borrower could lead to the exercise of statutory powers by the relevant regulator, which may disrupt the cash flows of the relevant Borrower and, in turn, adversely effect the ability of such Borrower to make payments in respect of its Loan. Consequently, this may affect the ability of the Issuer to meet its payment obligations in respect of the Notes.

Further details of the regulatory regimes in England, Wales, Scotland and Northern Ireland are set out in "*Regulation of housing associations*" in the section headed "*Description of the Borrowers*".

Increased capital expenditure requirements

Borrowers are currently facing additional capital expenditure requirements as a result of regulatory initiatives and other pressures.

Following on from the Grenfell Tower tragedy in 2017, the Fire Safety Act 2021 and the Building Safety Act 2022 introduced wide-ranging changes to the design, construction and maintenance of the built environment, including the creation of a new Building Safety Regulator with a range of enforcement powers and a new regulatory regime. Implementation by Borrowers of the findings of the Review and compliance with this new legislation has resulted in the need to undertake remedial action to a significant number of existing multi storey buildings.

The Climate Change Act 2008 (as amended) introduced a legal duty for the UK Government to act to reduce greenhouse gas emissions and provides the framework for the UK's approach to climate change. Through the Climate Change Act 2008 (2050 Target Amendment) Order 2019, the UK Government has committed to a 100 per cent. reduction in greenhouse gas emissions compared to 1990 levels by 2050 (Net Zero). But there are different approaches being adopted by England, Scotland and Wales. In England, the 2017 "Clean Growth Strategy", set a target for private rented homes to achieve a minimum rating of Energy Performance Certificate (EPC) C by 2030 and stated that the Government would consult on how social housing could meet a similar standard within the same timescales. There was also a larger aspiration for the entire housing stock (not just private rented properties) to achieve EPC C by 2035 (or 2030 for 'fuel poor' households). The targets specifically aimed at the private rented sector were cancelled in a speech given by the Prime Minister on 20th September, 2023. However, in January 2024, the Department for Levelling Up, Housing and Communities (DLUHC) stated that the ongoing review of the Decent Homes Standard for social housing would include minimum energy efficiency standards for social housing. DLUHC indicated that further information would be provided in early 2024 and further detail on the minimum EPC requirements and associated timescales for social housing is expected to be released by DLUHC in due course.

Scotland initially put in place milestones for social housing to meet EPC B by 2032 under its "Energy Efficiency Scotland" programme but this is temporarily on hold while the Scottish Government consults on a Social Housing Net Zero Standard. The Welsh Government initially proposed a more ambitious target of EPC A by 2033 but this was dropped in October 2023, however the Welsh Government still has a requirement for social homes to have a minimum rating of EPC C by 31st March, 2030. The shifting nature and uncertainty around changing UK Government policies and objectives makes it difficult for stakeholders to develop long-term Net Zero strategies and no certainty can be given as to the effect on the relevant Borrowers. Notwithstanding that, Borrowers' housing portfolios will have varying proportions of stock across the EPC bandings, and it is clear that considerable sums may need to be spent to upgrade the relevant EPC status and/or achieve any future government targets.

Following the tragic death of an infant in 2022 whose underlying health conditions were adversely affected by damp and mould in the property rented to his family by a social landlord. The Social Housing (Regulation) Act 2023 intends to give more rights and protections to tenants living in homes which have damp or mould and inserts into social housing tenancy agreements an implied term that will require landlords to comply with new requirements, to be set in detail through secondary legislation. A Government consultation on what the new requirements could be, opened on 9th January, 2024, for a duration of 8 weeks. It is seeking respondents' views on various matters, including: timescales for initial investigations of potential hazards and beginning and completing repair works; the circumstances under which properties should be temporarily decanted to protect residents' health and safety; and landlord record keeping requirements. Addressing such issues may increase the expenses incurred by a Borrower associated with inspecting and refurbishing existing residential properties and/or may affect the rental income produced by these properties which could, in turn adversely

impact the financial standing of a Borrower and, accordingly, may adversely affect its ability to meet its financial obligations under its Loan which, in turn, could adversely affect the Issuer's ability to make payments on the Notes.

The need for Borrowers to undertake investment to respond to changing building safety and energy efficiency standards and consumer expectations, coupled with continuing labour market and supply chain challenges, and the disruption to the UK and global economies arising from geopolitical conflicts are all issues which may impact the expenses associated with building and maintaining residential properties which could, in turn, adversely effect the future development and/or the financial standing of a Borrower and, accordingly, may adversely affect its ability to meet its financial obligations under its Loan. Consequently, this could adversely affect the Issuer's ability to make payments on the Notes.

The Borrowers receive grant funding from a variety of sources. Due to the nature of grant funding, there is a risk that the amount of funding available and the terms of grants will vary. Following approval of a grant there is a risk that the grant provider may revise the terms of a grant and reduce entitlement, suspend or cancel any instalment of such a grant. On account of failure to comply with conditions associated with the grant or a disposal of the property funded by a grant or a wider decision to delay, reduce or cancel building programmes, the grant may be required to be repaid or reused. Any such reduction in, withdrawal of, repayment or re-use of grant funding could adversely impact the future development and/or the financial standing of a Borrower and, accordingly, may adversely affect its ability to meet its financial obligations under its Loan which, in turn, could adversely affect the Issuer's ability to make payments on the Notes.

Risks related to increased inflation

As developers, owners, landlords and managers of residential accommodation, the Borrowers are exposed to the cost of construction, maintenance and repair of buildings. As has been widely reported, costs in this area have increased and continue to increase due to factors including changing building safety and energy efficiency standards, and labour market and supply chain disruption.

The persistence of inflationary pressures remains uncertain. As the Regulator of Social Housing has noted in the Sector Risk Profile 2023 published in November 2023, interest rates have risen markedly in response to high inflation, increasing the cost of floating rate and new debt. A continued or sustained period in which cost inflation exceeded income inflation, or a continued or sustained period in which central banks maintain interest rates at elevated levels to combat inflationary pressures, could put the Borrowers under financial strain which could have an adverse impact on the ability of the Borrowers to meet their payment obligations under the Loan Agreement to which they are a party on a timely basis and, in turn, affect the Issuer's ability to make payments in respect of the Notes.

In addition, the tenants of the Borrowers' properties are personally responsible for the rental payments on their tenancies and, consequently, the Borrowers are exposed to the risk of tenant arrears and bad debts if the current inflation being experienced in relation to the cost of food, energy, and other goods and services has a negative impact on their tenants' ability to pay rents.

This could affect the ability of the Borrowers to meet their respective payment obligations under the Loan Agreement to which they are a party and, in turn, this could adversely affect the Issuer's ability to make payments on the Notes.

Merger Risk

The Borrowers may merge or consider merging with another entity which could give rise to risks such as management distraction, the incurring of additional costs and, in the case of a merger, merger execution and implementation risks. The risk profile of the merged entity may be better or worse than that existing before any such merger and no certainty can be given as to the outcome. Notwithstanding that, if a merger increased

costs for a Borrower and it adversely affect such Borrower's financial condition, operations or assets, this could affect the ability of the Issuer to perform its payment obligations under the Loan Agreement to which it is a party which, in turn, could adversely affect the Issuer's ability to meet its payment obligations in respect of the Notes.

Moratorium and housing administration

In order to protect the interests of tenants and to preserve the housing stock of a Registered Provider of Social Housing within the social housing sector and within the regulatory regime, in England a 28 day moratorium on the disposal of land (including the enforcement of any security) by a non-profit Registered Provider of Social Housing will apply upon notice being given to the Regulator of Social Housing of certain steps being taken in relation to that provider such as the presentation of a winding up petition, the appointment of an administrator or the intention to enforce security over its property. The Regulator of Social Housing may then seek to agree proposals about the future ownership and management of the Registered Provider of Social Housing's land with its secured creditors. The moratorium procedure may adversely affect the Issuer's ability to enforce its security over the Charged Properties as the procedure stipulates actions must be taken by a secured creditor prior to that secured creditor being able to enforce its security and gives powers to the Regulator of Social Housing in respect of certain secured assets.

Similar moratorium procedures apply in Wales with power vested in the Welsh Ministers under Schedule 1 to, the Housing Act 1996. In Scotland, similar provisions apply under the 2010 Act, although the relevant moratorium is 56 days (after the date on which notice has been given to the Scottish Housing Regulator by the entity which, for example, is taking a step to enforce a security over a registered social landlord's land), but it can be extended by the Scottish Housing Regulator. The Regulator of Social Housing in England or the Scottish Housing Regulator in Scotland will then seek to agree proposals about the future ownership and management of the provider's land with its secured creditors. The Welsh Ministers may appoint an interim manager of a Welsh RSL to manage during a moratorium on the sale of the land, pursuant to the Wales Measure 2011.

The Issuer's ability to enforce the security over the Charged Properties may also be adversely affected for so long as any housing administration order is in place in respect of a Borrower. A housing administration order will last for 12 months (subject to certain exceptions) but may be extended. In addition, any such housing administration order could result in a housing administrator disposing of secured properties belong to a Borrower at a time when proceeds are insufficient to discharge such Borrower's obligations under the relevant Loan Agreement. This may affect the cash available to the Issuer which, in turn, could affect the ability of the Issuer to meet its payment obligations in respect of the Notes.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features, distinguishing between factors which may occur in relation to any Notes:

Interest rate risks

Fixed Rate Notes bear interest at a fixed rate and therefore involve the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks" are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or to have other consequences which cannot be predicted. Any such consequences could have a material adverse effect on any Notes referencing such a benchmark.

Regulation (EU) 2016/1011 (the **EU Benchmarks Regulation**) applies, subject to certain transitional provisions to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the **UK Benchmarks Regulation**) among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark; and/or (iii) leading to the disappearance of the benchmark. Any of the above changes, or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms in making any investment decision with respect to any Notes referencing a benchmark.

Taxation – No Gross Up

The Issuer will not be obliged to pay any additional amounts to Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer or any Paying Agent. Accordingly, in the event of a change of tax law, there may be an effect on the amount of principal or interest receivable by Noteholders under the terms of the Notes.

Changes of Law

The structure of the Notes and the rating by Moody's is based on English law in effect as at the date of this document. The Issuer cannot provide assurance as to the impact of any possible change to English law (including any change in regulation which may occur without a change in primary legislation), tax treatment or administrative practice in the UK after the date of this document nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Notes.

Liquidation expenses

The costs and expenses of a liquidation (including certain tax charges) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to provisions set out in the Insolvency (England and Wales) Rules 2016.

Therefore, upon the enforcement of the floating charge security granted by the Issuer, floating charge realisations which would otherwise be available to satisfy the claims of secured creditors will be reduced by at least a significant proportion of any liquidation expenses. There can be no assurance that the Noteholders will not be adversely affected by such a reduction in floating charge realisations.

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders.

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. In respect of modifications to Conditions 4 (*Security*) and 6 (*Covenants*), the Conditions permit defined majorities of the holders of all Series of Notes to bind holders of each individual Series of Notes outstanding (regardless of how the Noteholders of a particular Series of Notes voted in respect of such resolution).

The conditions of the Notes also provide that the Trustee may (i) without the consent of the Noteholders (but subject to confirmation from the Rating Agencies (as defined in the Conditions) that its then current rating of the Notes would not be adversely affected), agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Trust Deed or determine that any Event of Default or potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or (ii) agree, without such consent or confirmation as aforesaid, to any

modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is proven to the satisfaction of the Trustee.

Furthermore, while each Loan will incorporate the core terms as set out in the Trust Deed and as amended from time to time in accordance with Condition 6(d) (*Covenants*) (the **Core Terms**, the current Core Terms being described in "*Description of the Loan Agreements*") as required by the Trust Deed, the Core Terms may be modified from time to time without the consent of the Noteholders, but with the consent of the Trustee to such modification, and the Trustee shall (subject as provided in the Trust Deed) be obliged to consent to such modification where the Rating Agencies confirm that the then current rating of the Issuer would not be adversely affected.

Corporate Insolvency and Governance Act 2020

Where the Issuer encounters, or is likely to encounter, financial difficulties that are affecting, or will or may affect, its ability to carry on business as a going concern, it may propose a Restructuring Plan (a **Plan**) with its creditors under Part 26A of the Companies Act 2006 (introduced by the Corporate Insolvency and Governance Act 2020) to eliminate, reduce, prevent or mitigate the effect of any of those financial difficulties. Should this happen, creditors whose rights are affected are organised into creditor classes and can vote on any such Plan (subject to being excluded from the vote by the English courts for having no genuine economic interest in the Issuer). Providing that one class of creditors (who would receive a payment, or have a genuine economic interest in the Issuer) has approved the Plan, and in the view of the English courts any dissenting class(es) who did not approve the Plan are no worse off under the Plan than they would be in the event of the "relevant alternative" (such as, broadly, liquidation or administration), then the English court can sanction the Plan where it would be a proper exercise of its discretion. A sanctioned Plan is binding on all creditors and members, regardless of whether they approved it. Any such sanctioned Plan in relation to the Issuer may, therefore, adversely affect the rights of Noteholders and the price or value of their investment in the Notes, as it may have the effect of modifying or disapplying certain terms of the Notes (by, for example, writing down the principal amount of the Notes, modifying the interest payable on the Notes, the maturity date or dates on which any payments are due or substituting the Issuer).

Redemption prior to maturity

In the event that the Notes are redeemed early or become repayable prior to their stated maturity and the Notes are redeemed in full at their principal amount, plus accrued interest, in such circumstances, it may not be possible for an investor to reinvest the redemption proceeds at an effective yield as high as the interest rate on the Notes.

The occurrence of an Event of Default under the Notes as set out in Condition 12 (*Events of Default and Enforcement*) entitles the Trustee (subject as provided in Conditions 4.2 (*Enforcement of Security*) and 12 (*Events of Default and Enforcement*)) to accelerate the maturity of the Notes and to enforce the security for the Notes (including converting the floating charge granted by the Issuer into a fixed charge). However, an event of default under the Notes will not, by itself, be an event of default under the Loan Agreements and accordingly acceleration of the maturity of the Notes and enforcement of security for the Notes will not, by itself, entitle the Trustee to accelerate the maturity of the Loan Agreements or to enforce the security given by Borrowers under the Loan Agreements. Such an entitlement would arise upon the occurrence, in relation to a Borrower, of one of the events of default under its Loan Agreement.

The value of the Notes could be adversely affected by a change in English law or administrative practice.

The conditions of the Notes, and the ratings assigned to them, are based on English law, regulatory and administration practice in effect as at the date of this Programme Memorandum (including taxation). No assurance can be given as to the impact of any possible judicial decision or change to English law, regulatory or administrative practice in the UK, or to UK tax law, or the interpretation or administration thereof, or to the

published practice of HM Revenue & Customs as applied in the UK after the date of this Programme Memorandum and any such change could materially adversely impact the value of any Notes affected by it.

Business Relationships

Each of the Issuer, the Dealers, the Trustee, the Paying Agent, the Agent Bank, the Custodian, the Administrator, the Borrowers and any of their affiliates may have existing or future business relationships with any of the others (including, but not limited to, lending, depositary, risk management, advisory and banking relationships and certain officers of the Administrator holding directorships in the Issuer), and will pursue actions and take steps that they deem or it deems necessary or appropriate to protect their or its interests arising therefrom without regard to the consequences for a Noteholder. Furthermore, the Dealers, the Trustee, the Paying Agent, the Agent Bank, the Custodian or any of their respective affiliates may buy, sell or hold positions in obligations of, or act as investment or commercial bankers, advisers or fiduciaries to, or hold directorship and officer positions in the Borrowers without regard to or constraint as a result of any such conflicts of interest arising. Accordingly, there can be no assurance that any such relationships or actions will not have consequences for Noteholders (for example, an impact on the trading price of the Notes).

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Disclosure

Each Borrower in respect of a Loan Agreement will be identified in the applicable Pricing Supplement. The Pricing Supplement will also include a summary of certain limited financial information regarding such Borrower and further information in respect of each such Borrower (including, but not limited to, interim financial statements (if any) and trading statements (if any)) may be available on the website of such Borrower specified in the applicable Pricing Supplement or, in the case of a Borrower with debt securities admitted to the Official List of the FCA, on a Regulatory Information Service as such term is defined in the Listing Rules of the FCA. None of the Arrangers, the Dealers, their respective affiliates, the Trustee and the Issuer makes any representation as to the accuracy of such information.

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid and may be sensitive to changes in financial markets. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case should the Issuer be in financial distress, which may result in any sale of the Notes having to be at a substantial discount to their principal amount or for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors.

If an investor holds Notes which are not denominated in the investor's home currency, he/she will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

The Issuer will pay principal and interest on the Notes in Sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than Sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of Sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Sterling would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes.

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. Credit ratings of debt securities represent the rating agencies' opinions regarding their credit quality and are not a guarantee of quality. The ratings may be affected by the rating agencies' opinions regarding the credit quality of one or more Borrowers, which may be affected by, *inter alia*, the risks previously highlighted in "*Risk Factors – Factors which may affect the Borrowers' ability to fulfil their obligations under the Loan Agreements*". The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an issuer's current financial condition may be better or worse than a rating indicates. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

Risks related to Social Bonds and Sustainability Bonds

Notes issued as Social Bonds or Sustainability Bonds may not be a suitable investment for all investors seeking exposure to social assets or sustainable assets

The Issuer may issue Social Bonds or Sustainability Bonds (each as defined in "*Use of Proceeds*") under the Programme. In the event that the Issuer issues Social Bonds or Sustainability Bonds, it is the Issuer's intention that the net proceeds from the issue of Social Bonds will be used for projects defined as "social" in accordance with the Social Bond Framework (as defined in "*Use of Proceeds*") and the net proceeds from the issue of Sustainability Bonds will be used for projects defined as "sustainable" in accordance with the Sustainable Bond Framework (as defined in "*Use of Proceeds*"). Prospective investors should have regard to the information set out in the relevant Pricing Supplement and must determine for themselves the relevance of such information for the purpose of any investment in such Social Bonds or Sustainability Bonds (as applicable) together with any other investigation such investor deems necessary.

In particular no assurance is given by the Issuer, the Dealers, their respective affiliates or any other person that the use of the proceeds of issue of any Social Bonds or Sustainability Bonds will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates. Neither the Dealers nor any of their respective affiliates shall be responsible for the contents of the Social Bond Framework nor the Sustainable Bond Framework or any related frameworks and no investor in any Social Bonds or Sustainability Bonds will have any recourse to the Dealers or any of their respective affiliates therewith.

Furthermore, it should be noted that there is currently no clearly-defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "social", "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "social", "sustainable" or such other equivalent label nor can any such assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given by the Issuer, the Dealers, their respective affiliates or any other person to investors that any projects or uses of the proceeds will meet any or all investor expectations regarding such "social", "sustainable" or other equivalently-labelled performance objectives or that any adverse social, sustainable and/or other impacts will not occur during the implementation of any projects or uses of the proceeds. In addition, no assurance can be given by the Issuer, Dealers, their respective affiliates or any other person to investors that any Social Bonds or Sustainability Bonds will comply with any future standards or requirements for being Social Bonds or Sustainability Bonds and, accordingly, the Social Bond or Sustainability Bond status of the Notes could be withdrawn at any time.

No assurance or representation is given by the Issuer, the Dealers, their respective affiliates or any other person as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Social Bonds or Sustainability Bonds, and the Noteholders shall have no recourse against the Issuer or any of the Dealers or any of their respective affiliates in respect of the contents of any such opinion or certification. For the avoidance of doubt, any such opinion or certification is not, nor shall it be deemed to be, incorporated in and/or form part of this Programme Memorandum. Any such opinion or certification is not, nor should it be deemed to be, a recommendation by the Issuer, the Dealers, their respective affiliates or any other person to buy, sell or hold any such Social Bonds or Sustainability Bonds. Any such opinion or certification is only current as at the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in any such Notes. Currently, the providers of such opinions and certifications are not subject to any specific or regulatory or other regime or oversight. Details of the provider(s) of any opinion, the date of such opinion and availability of such opinion and the details of any second party opinion(s) shall be set out in the applicable Pricing Supplement.

In the event that any Social Bonds or Sustainability Bonds are listed or admitted to trading on any dedicated "social", "sustainable" (as applicable) or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Dealers, their respective affiliates or any other person that such listing or admission satisfies, whether in whole or in

part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect social or sustainable (as applicable) impact of any projects or uses, the subject of or related to, any social or sustainable (as applicable) reports. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Dealers, their respective affiliates or any other person that any such listing or admission to trading will be obtained in respect of any such Social Bonds or Sustainability Bonds or, if obtained, that any such listing or admission to trading will be maintained during the life of the Social Bonds or Sustainability Bonds (as applicable).

Any withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any such Social Bonds or Sustainability Bonds (as applicable) no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Social Bonds or Sustainability Bonds (as applicable) and also potentially the value of any other Social Bonds or Sustainability Bonds and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

The impact on investor demand for Sustainability Bonds or Social Bonds (as applicable) in light of the European Green Bond Standard is unclear

The impact on investor demand for Sustainability Bonds or Social Bonds (as applicable) of European Green Bond Standard is unclear. Regulation (EU) 2023/2631 was published in the European Union's Official Journal on 30th November, 2023, which introduces the European Green Bond Standard as a voluntary label for issuers of green use of proceeds bonds (such as any Sustainability Bonds or Social Bonds (as applicable) which may be issued under the Programme) where the proceeds will be invested in economic activities aligned with the Taxonomy Regulation. Any Sustainability Bonds and Social Bonds issued under the Programme will not be aligned with such European Green Bond Standard and are intended to comply with the criteria and processes set out in the Sustainable Bond Framework only. It is not clear, at this stage, the impact which the European Green Bond Standard may have on investor demand for, and pricing of, green use of proceeds bonds (such as any Sustainability Bonds or Social Bonds (as applicable) which may be issued under the Programme) that do not meet such standard. It could reduce demand and liquidity for Sustainability Bonds or Social Bonds (as applicable) and their price.

DOCUMENTS INCORPORATED BY REFERENCE

The annual report of the Issuer for the financial year ended 31st March, 2022, including the financial statements of the Issuer and the auditors' report thereon (the **2022 Issuer Annual Report**) and the annual report of the Issuer for the financial year ended 31st March, 2023, including the financial statements of the Issuer and the auditors' report thereon (the **2023 Issuer Annual Report**) shall be incorporated in, and form part of, this Programme Memorandum.

This Programme Memorandum should also be read and construed in conjunction with future audited annual financial statements of the Issuer and future unaudited interim financial statements of the Issuer (if any) as and when such financial statements are published in accordance with the ISM Rulebook and such financial statements shall, upon publication, be incorporated in, and form part of, this Programme Memorandum.

Copies of the 2022 Issuer Annual Report and 2023 Issuer Annual Report and such future financial statements can be obtained from the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being in London and will be available for viewing via the relevant regulatory announcement on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

Any documents themselves incorporated by reference in such financial statements shall not form part of this Programme Memorandum.

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will initially be issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Pricing Supplement, a permanent global note (a **Permanent Global Note** and, together with a Temporary Global Note, each a **Global Note**) which, in either case, will:

- (a) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Pricing Supplement, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**); and
- (b) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Pricing Supplement will also indicate whether such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. Noteholders should note that whilst the European Central Bank has applied a temporary extension of Eurosystem eligibility to Sterling denominated securities, the effective date for this temporary extension being 9th November, 2012, any Notes listed on the ISM are not recognised as eligible collateral as the ISM is not on the list of "certain acceptable non-regulated markets" maintained by the European Central Bank. Where Notes are recognised as eligible collateral, the Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) for definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 12.1 (*Events of Default*)) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 16 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Notes (other than Temporary Global Notes) and interest coupons relating to such Notes where TEFRA D is specified in the applicable Pricing Supplement:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Notes or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series which, where Category 2 is specified in the applicable Pricing Supplement, shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, (i) fails so to do within a reasonable period, or (ii) is unable for any reason so to do, and the failure or inability shall be continuing. The Issuer may agree with any Dealer and the Trustee that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event, a supplement to this Programme Memorandum or a new Programme Memorandum will be made available which will describe the effect of the agreement reached in relation to such Notes.

APPLICABLE PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (**the Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, **the PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]¹

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (**the UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]²

[MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*] Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in

¹ Subject as follows, the Legend to be included on front of the Pricing Supplement if the Notes potentially constitute "packaged" products and no key information document will be prepared or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable". The legend will always be included on the front of the Pricing Supplement if the Notes are to be admitted to trading on the London Stock Exchange's International Securities Market.

² Legend to be included on the front of the Pricing Supplement if the Notes potentially constitute "packaged" products and no key information document will be prepared in the UK or the issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable". The legend will always be included on the front of the Pricing Supplement if the Notes are to be admitted to trading on the London Stock Exchange's International Securities Market.

Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

[Date]

bLEND Funding Plc

Legal entity identifier (LEI): 213800Y8TMLUT9SN1E94

**Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]
under the £3,000,000,000
Secured Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Programme Memorandum dated 5th March, 2024 [as supplemented by the supplement[s] dated [date[s]]] (the **Programme Memorandum**). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Programme Memorandum. The Programme Memorandum has been published on [Issuer's/financial intermediaries'/stock exchange's] website.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Programme Memorandum.

[If Conditions other than the ones set out in the Programme Memorandum are used (i.e. for a tap issue) ensure this is reflected in the paragraphs above.]

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination must be £100,000 or its equivalent in any other currency.]

- | | | |
|----|--|--|
| 1. | Issuer: | bLEND Funding Plc |
| 2. | (a) Series Number: | [] |
| | (b) Tranche Number: | [] |
| | (c) Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [<i>identify earlier Tranches</i>] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred |

to in paragraph [] below, which is expected to occur on or about [date]][Not Applicable]

3. Aggregate Principal Amount:

(a) Series: []

(b) Tranche: []

4. Issue Price: [] per cent. of the Aggregate Principal Amount [plus accrued interest from [insert date] (if applicable)]

5. (a) Specified Denominations: []

(N.B. Notes must have a minimum denomination in Sterling equivalent to €100,000)

(Note – where multiple denominations above the equivalent of €100,000 are being used the following sample wording should be followed:

"£[100,000 and integral multiples of £[1,000] in excess thereof up to and including £[199,000]. No Notes in definitive form will be issued with a denomination above £[199,000].")

(b) Calculation Amount for Notes in definitive form (and in relation to calculation of interest in global form see Conditions): []

(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)

6. (a) Issue Date: []

(b) Interest Commencement Date: [specify/Issue Date]

7. (a) Legal Maturity Date: []

(b) Expected Maturity Date []

[In each case, specify date or for Floating Rate Notes - Interest Payment Date falling in or nearest to [specify month and year]]

8. Interest Basis:

[[] per cent. Fixed Rate]
[[specify Reference Rate] +/- [] per cent. Floating Rate]
(further particulars specified below)

9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Expected Maturity Date or such later date subject to, and in accordance with, Condition 9.1 (*Redemption at maturity*) at [] per cent. of their principal amount

(further particulars specified below)

10. Date [Board] approval for issuance of Notes obtained: [] [and [], respectively]] [Not Applicable]

(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)

PROVISIONS RELATING TO INTEREST PAYABLE

11. Fixed Rate Note Provisions [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date

(b) Interest Payment Date(s): [] in each year up to and including the Legal Maturity Date

(Amend appropriately in the case of irregular coupons)

(c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [] per Calculation Amount

(d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []][Not Applicable]

(e) Determination Date(s): [] [and []] in each year

[Insert regular interest payment dates, ignoring issue date or legal maturity date in the case of a long or short first or last coupon]

12. Floating Rate Note Provisions [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Specified Period(s)/Specified Interest Payment Dates: [][, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to any adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[specify other]] [Not Applicable]
- (c) Additional Business Centre(s): []
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent Bank): []
- (f) Screen Rate Determination:
- Reference Rate: [] month [specify Reference Rate] (additional information is required, including fallback provisions in the Agency Agreement.)
 - Interest Determination Date(s): []
 - Relevant Screen Page: []
- (g) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (h) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
- (i) Margin(s): [+/-] [] per cent. per annum
- (j) Minimum Rate of Interest: [] per cent. per annum
- (k) Maximum Rate of Interest: [] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]

Actual/365 (Fixed)
Actual/365 (Sterling)
[Other]

- (m) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []

PROVISIONS RELATING TO REDEMPTION

13. Issuer Call: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Optional Redemption Date(s): [At any time/specify dates]
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s):
In relation to Condition 9.2(a) (*Redemption at the option of the Issuer (Issuer Call)*): [par/specify other]
In relation to Condition 9.2(c) (*Redemption at the option of the Issuer (Issuer Call)*): [In relation to each Note, [] per cent. of its Outstanding Principal Amount/Spens Amount]
- (c) If Spens Amount is applicable:
- (i) Benchmark Gilt: []
- (ii) Spens Margin: [] per cent.
- (d) If redeemable in part:
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (e) Notice periods: Minimum period: [15] days
Maximum period: [30] days

(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee.)

14. Final Redemption Amount: [[] per Calculation Amount/specify other]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

15. Form of Notes:

(a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]

[Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]

(b) New Global Note: [Yes][No]

16. Retained Notes: [Applicable, £[●] in principal amount][Not Applicable]

17. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. [[*Relevant third party information*] has been extracted from [*specify source*]. [The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of bLEND Funding Plc:

By:

Duly authorised

By:

Duly authorised

PART B – OTHER INFORMATION

1. ADMISSION TO TRADING

- (i) Admission to trading: [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the London Stock Exchange plc's International Securities Market] with effect from [].] [Not Applicable]
- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

Ratings: The Notes to be issued [[have been]/[are expected to be]] rated "[●]" by [*insert the legal name of the relevant credit rating agency entity(ies)*].

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for the fees [of [*insert relevant fee disclosure*]] payable to the [Managers named below/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]

4. [YIELD

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5. OPERATIONAL INFORMATION

- (i) ISIN: []
- (ii) Common Code: []
- (iii) CFI: [[See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
- (iv) FISN: [[See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")

- (v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (vi) Delivery: Delivery [against/free of] payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): []
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/
- [No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]
- (ix) Use of proceeds: [give details if additional to the "Use of Proceeds" section in the Programme Memorandum]
- (x) Social Bond: [Yes/Not Applicable]
- (if not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Second Party Opinion Provider(s): [Name of relevant rating agencies and name of third party assurance agent, if any and details of compliance opinion(s) and availability]

- (ii) Date of Second Party Opinion(s): [give details]
- (xi) Sustainability Bond: [Yes/Not Applicable]
- (if not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Second Party Opinion Provider(s): [Name of relevant rating agencies and name of third party assurance agent, if any and details of compliance opinion(s) and availability]
- (ii) Date of Second Party Opinion(s): [give details]

6. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/give names]
- (iii) Stabilisation Manager(s) (if any): [Not Applicable/give name]
- (iv) If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
- (v) U.S. Selling Restrictions: Reg. S Compliance Category [1/2]; [TEFRA C or TEFRA D/TEFRA not applicable]
- (vi) Additional selling restrictions: [Not Applicable/give details]
- (vii) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
- (If Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document in the EEA will be prepared, "Applicable" should be specified. If the Notes are listed on the London Stock Exchange's International Securities Market, "Applicable" shall be specified.)*
- (viii) Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]
- (If Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document in the UK will be prepared, "Applicable" should be specified. If the Notes are listed on the London Stock Exchange's International Securities Market, "Applicable" shall be specified.)*

7. THE BORROWERS

The table below lists each Borrower, together with the aggregate nominal amount of the loan facility/facilities in its Loan Agreement(s) and the address of its website. As set out in the Programme Memorandum, none of the Arrangers, the Dealers, their respective affiliates, the Trustee and the Issuer have independently verified the information in relation to each Borrower set out in this Pricing Supplement or on any website of such Borrower the address for which is referred to herein or, in the case of a Borrower with debt securities admitted to the Official List of the Financial Conduct Authority, on a Regulatory Information Service as such term is defined in the Listing Rules of the Financial Conduct Authority. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arrangers, the Dealers, their respective affiliates, the Trustee or the Issuer as to the accuracy or completeness of the information in relation to any Borrower referred to in this Pricing Supplement, on any such website or, if applicable, on any Registered Information Service. Following the date of this Pricing Supplement, the Issuer may host more up-to-date information in relation to each Borrower on its website (<https://blendfundingplc.com/portfolio-data/>). Investors are advised, following the date of this Pricing Supplement, to check the Issuer's website for any such information.

Borrower	Website	bLEND Loan Facility Nominal Amount £k
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

TERMS AND CONDITIONS OF THE NOTES

The following (other than any footnotes in italics) are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Pricing Supplement" for a description of the content of Pricing Supplements, which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by bLEND Funding Plc (the **Issuer**) constituted by the Trust Deed (as defined below) made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the **Trustee**, which expression shall include any successor as Trustee).

References herein to the **Notes** shall, unless the context otherwise requires, be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in Sterling;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 31st July, 2020 and made between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as issuing and principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent, and, together with any other paying agents appointed thereunder, the **Paying Agents**, which expression shall include any additional or successor paying agents) and The Bank of New York Mellon, London Branch as agent bank (the **Agent Bank**, which expression shall include any successor agent bank).

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**) or, if the final terms for this Note specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note, the final terms (or the relevant provisions thereof) are set out in a separate programme memorandum specific to this Note (a **Drawdown Memorandum**). References to the **applicable Pricing Supplement** are, unless otherwise stated, to Part A of the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note or, if this Note is the subject of a Drawdown Memorandum, each reference in these Conditions to information being specified or identified in the applicable Pricing Supplement shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Memorandum.

Interest bearing definitive Notes have interest coupons (**Coupons**) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons. The Trustee acts for the benefit of the Noteholders (which expression shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects (including as to listing and/or admission to trading) save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Trust Deed, the Agency Agreement and the Custody Agreement (as defined below) are available for inspection upon reasonable notice during normal business hours at the registered office of the Trustee at Fifth Floor, 100 Wood Street, London EC2V 7EX³ or any such other registered office from time to time and at the specified office (as defined below) of each of the Paying Agents. If the Notes are to be admitted to trading on the London Stock Exchange's International Securities Market, the applicable Pricing Supplement will be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement, the Custody Agreement and the applicable Pricing Supplement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Agency Agreement and the Custody Agreement.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. DEFINITIONS

For the purposes of the Conditions:

Administrator means T.H.F.C. (Services) Limited or any successor or replacement administrator under the Management Services Agreement;

Available Issuer Receipts means all amounts from time to time received, and available for distribution, in relation to the Notes by the Issuer, the Trustee or any receiver appointed by the Issuer or the Trustee;

Borrowers means each Registered Provider who borrow monies pursuant to a Loan Agreement which have been funded by the Issuer through the issue of Notes;

Business Day means any day other than a Saturday or a Sunday on which banks are open for business in London and each Additional Business Centre (if any) specified in the applicable Pricing Supplement;

³ As at the date of this Programme Memorandum, the registered office of the Trustee is 8th Floor, 100 Bishopsgate, London EC2N 4AG.

Core Terms means the core terms set out in the Trust Deed and which the Issuer is required by the Trust Deed to impose on all Borrowers;

Custodian means The Bank of New York Mellon, London Branch as custodian of the Retained Notes, which expression shall include any successor custodian;

Custody Agreement means the Custody Agreement dated 8th August, 2018 as amended and/or supplemented and/or restated from time to time between the Issuer and the Custodian;

Dealers means HSBC Bank plc, RBC Europe Limited, Lloyds Bank Corporate Markets plc and NatWest Markets Plc and any other dealers appointed in accordance with the Programme Agreement from time to time;

Enforcement Priority of Payments has the meaning given in Condition 4.3 (*Application of proceeds*);

Event of Default has the meaning given in Condition 12.1 (*Events of Default*);

Issuer Expenses means amounts due and payable by the Issuer (i) in respect of fees and expenses (including indemnities) to the Trustee under the Trust Deed, (ii) to the Paying Agents and the Agent Bank under the Agency Agreement, (iii) to the Custodian under the Custody Agreement, (iv) to the independent accountants, agents and counsel of the Issuer for fees and expenses (including amounts payable in connection with the preparation of tax forms on behalf of the Issuer and any registered office fees), (v) to any other person in respect of any governmental fee, charge or tax, (vi) to the Dealers in respect of any amounts payable under the Programme Agreement, (vii) to the Rating Agencies in respect of fees and expenses in connection with the ratings of the Issuer and its securities, (viii) to the London Stock Exchange in respect of the admission to trading of the Issuer's securities, (ix) to the Administrator under the Management Services Agreement, and (x) to any other person in respect of any other fees or expenses (including indemnities) permitted under the Trust Deed;

Loan Agreement means an agreement made between the Issuer and a Borrower documenting the terms of a Relevant Loan;

Management Services Agreement means the corporate services agreement dated 24th July, 2018 between the Issuer and T.H.F.C. (Services) Limited or any successor or replacement agreement;

Original Trust Deed means the trust deed dated 8th August, 2018 made between the Issuer and the Trustee (as modified and/or supplemented and/or restated from time to time);

Pre-Enforcement Priority of Payments has the meaning given in Condition 5 (*Pre-Enforcement Priority of payments*);

Programme Agreement means the amended and restated Programme Agreement dated 31st July, 2020 between the Issuer and the Dealers (as the same may be amended and/or supplemented and/or restated from time to time);

Rating Agencies means any internationally recognised rating agency or agencies which has or have assigned a rating to the Notes at the request of the Issuer (or, in each case, any successor to its rating business);

Registered Provider means a registered provider of social housing, registered social landlord or registered housing association incorporated in the United Kingdom;

Relevant Loan means each loan by the Issuer to a Borrower which has been or is to be funded by the Issuer through the issue of Notes, or through the sale of Retained Notes, and (to the extent that any such loan has been prepaid (in whole or in part) prior to its maturity date) each other loan to a Borrower which the Issuer has made as a replacement therefor;

Retained Notes means the Notes purchased by the Issuer on the Issue Date (if any);

specified office of any Paying Agent means the office specified or any other specified office as may from time to time be duly notified by a Paying Agent pursuant to the Agency Agreement;

Sterling means the lawful currency for the time being of the United Kingdom;

Subsidiary means, in relation to any entity, any company which is for the time being a subsidiary (within the meaning of Section 1159 of the Companies Act 2006, as amended or re-enacted from time to time) of such entity; and

Trust Deed means the Original Trust Deed as amended and restated on 31st July, 2020 (as the same may be further modified and/or supplemented and/or restated from time to time).

2. **FORM, DENOMINATION AND TITLE**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, denominated in Sterling and in the denominations (the **Specified Denomination(s)**) specified in the applicable Pricing Supplement. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note or a Floating Rate Note, depending upon the Interest Basis shown in the applicable Pricing Supplement.

Definitive Notes are issued with Coupons attached.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer, the Trustee and any Paying Agent will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Paying Agents as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such principal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, the Trustee and any Paying Agent as the holder of such principal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

In determining whether a particular person is entitled to a particular principal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in

its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Pricing Supplement.

3. STATUS OF THE NOTES

The Notes and any relative Coupons are direct, unconditional and secured obligations of the Issuer and rank *pari passu* without any preference among themselves. The Notes are secured by the security set out in Condition 4 (*Security*) but rank subordinate in priority in point of payment to any claims of, *inter alios*, the Trustee against the Issuer as set out in the Pre-Enforcement Priority of Payments and the Enforcement Priority of Payments.

4. SECURITY

4.1 Security

Pursuant to the Original Trust Deed, the obligations of the Issuer under the Trust Deed, the Agency Agreement, the Custody Agreement, all Notes issued under the Trust Deed and the relative Coupons are secured by a first floating charge on the whole of the Issuer's undertaking, property and assets, whatsoever and wheresoever situated, present and future, in favour of the Trustee. All Notes issued under the Trust Deed shall rank *pari passu* under such security.

4.2 Enforcement of Security

The security granted by the Issuer as referred to in Condition 4.1 (*Security*) will become enforceable upon the occurrence of an Event of Default as provided in Condition 12 (*Events of Default and Enforcement*) or upon a default in payment by the Issuer on final redemption, in which event the Trustee may, in its discretion, and if so requested in writing by holders of at least one-fifth in aggregate principal amount of the Notes of this Series then outstanding or by an Extraordinary Resolution of the Noteholders of this Series shall, subject to being indemnified and/or secured and/or prefunded to its satisfaction, and without any liability as to the consequence of such action and without having regard to individual Noteholders or Couponholders, take action to enforce such security (including without limitation converting the floating charge into a fixed charge).

Such security may also be enforced by the Trustee upon being requested or directed by the holders of Notes of other Series in accordance with their terms. Such enforcement will constitute an Event of Default in relation to the Notes of this Series pursuant to Condition 12.1(c) (*Events of Default*), but will not result in the acceleration of the Issuer's obligations under the Notes of this Series unless notice of such acceleration is given by the Trustee in accordance with Condition 12 (*Events of Default and Enforcement*).

4.3 Application of proceeds

The Trust Deed requires that all monies received by or on behalf of the Trustee following enforcement with respect to the Notes and/or the security therefor (in the event that the Notes have become due and repayable in full) and apportioned by the Trustee to the Notes pursuant to the Trust Deed shall be applied according to the following priority (the **Enforcement Priority of Payments**):

- (a) to the payment of the fees, costs, charges, expenses and liabilities incurred by the Trustee or any receiver in connection with the enforcement of security and any other unpaid fees and expenses of the Trustee (including, but not limited to, all amounts payable to the Trustee under the Trust Deed);
- (b) to the payment, on a *pari passu* and *pro rata* basis, of all amounts owing to the Paying Agents and the Agent Bank under the Agency Agreement and the Custodian under the Custody Agreement;
- (c) to the payment, on a *pari passu* and *pro rata* basis, of any other due but unpaid Issuer Expenses relating to the Notes;
- (d) to the payment, on a *pari passu* and *pro rata* basis, of any due but unpaid interest on the Notes;
- (e) to the payment, on a *pari passu* and *pro rata* basis, of the principal due and payable on the Notes; and
- (f) any surplus to the Issuer and any other person entitled thereto.

5. PRE-ENFORCEMENT PRIORITY OF PAYMENTS

Prior to the Notes having become due and repayable in full and the security in respect of the Notes being enforced as described in Condition 4.2 (*Enforcement of Security*) and subject as provided in the Trust Deed, on each Interest Payment Date up to, and including, the Expected Maturity Date (and, if the Notes are not redeemed in full on the Expected Maturity Date, each Interest Payment Date up to, and including, the Legal Maturity Date), the Issuer shall apply the Available Issuer Receipts in the order set out below (the **Pre-Enforcement Priority of Payments**):

- (a) to the payment of any accrued and unpaid taxes and statutory fees owing by the Issuer to any tax authority;
- (b) to the payment of any unpaid fees and expenses of the Trustee (including, but not limited to, all amounts payable to the Trustee under the Trust Deed) (insofar as they relate to the Notes);
- (c) to the payment, on a *pari passu* and *pro rata* basis, of all amounts owing to the Paying Agents and the Agent Bank under the Agency Agreement and the Custodian under the Custody Agreement;
- (d) to the payment, on a *pari passu* and *pro rata* basis, of any other due but unpaid Issuer Expenses;
- (e) (in the case of payment on an Interest Payment Date) to the payment, on a *pari passu* and *pro rata* basis, of the interest due and payable on the Notes on such Interest Payment Date; and
- (f) to the payment, on a *pari passu* and *pro rata* basis, of any principal due and payable on the Notes.

6. COVENANTS

So long as any of the Notes remains outstanding, the Issuer covenants that, unless the Trustee otherwise gives prior written consent, it will:

- (a) not engage in any activity other than: (i) carry out the business of a company which has as its purpose raising finance and on-lending such finance to Registered Providers; and (ii) perform any act incidental to or necessary in connection with (i) above;
- (b) not create or permit to subsist any other security over any of its assets;
- (c) maintain up-to-date lists of Relevant Loans and (without prejudice to its listing obligations) make such lists, and the then current Core Terms, publicly available at all times;
- (d) not: (i) lend to any Registered Provider on terms less onerous to such Registered Provider or less beneficial to the Issuer than the then current Core Terms; (ii) agree to any modification, abrogation, waiver or release in respect of the obligations of a Registered Provider under any loan made to it if such modification, abrogation, waiver or release would have the effect of making the terms of such loan less onerous to the Registered Provider or less beneficial to the Issuer than the then current Core Terms; or (iii) modify the Core Terms, except with the prior written consent of the Trustee who shall (subject as provided in the Trust Deed) be obliged to provide its consent if each Rating Agency has confirmed that such modification to the Core Terms will not have an adverse effect on the then current rating of the Issuer assigned by it; and
- (e) promptly and diligently enforce in all material respects the terms in each Relevant Loan equivalent to the Core Terms unless the Issuer shall have consented to any waiver or release of any specific default in connection therewith in circumstances where in the opinion of the Issuer the interests of the Noteholders will not be materially prejudiced thereby.

7. INTEREST

7.1 Interest on Fixed Rate Notes

This Condition 7.1 (*Interest on Fixed Rate Notes*) applies to Fixed Rate Notes only. The applicable Pricing Supplement contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 7.1 (*Interest on Fixed Rate Notes*) for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Pricing Supplement will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Legal Maturity Date, the Expected Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

Each Fixed Rate Note bears interest on its principal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Legal Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate principal amount of the Fixed Rate Notes represented by such Global Note; or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest penny, half a penny being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest, in accordance with this Condition 7.1 (*Interest on Fixed Rate Notes*):

- (i) where interest is required to be calculated in respect of a Determination Period, (1) one divided by (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year;
- (ii) where interest is required to be calculated in respect of a period of less than a full Determination Period, (1) the actual number of days in the period from and including the date on which interest begins to accrue (the **Accrual Date**) to but excluding the date on which it falls due divided by (2) the actual number of days in such Determination Period multiplied by the number of Determination Dates that would occur in one calendar year; or
- (iii) where interest is required to be calculated in respect of a period which is longer than a Determination Period, the sum of:
 - (A) (1) the actual number of days in the period from and including the Accrual Date to but excluding the next following Determination Date divided by (2) the actual number of days in such Determination Period multiplied by the number of Determination Dates that would occur in one calendar year; and
 - (B) in the next following Determination Period, (1) the actual number of days from and including the Determination Date at the start of such Determination Period to but excluding the date on which interest falls due divided by (2) the actual number of days in such Determination Period multiplied by the number of Determination Dates that would occur in one calendar year;

In these Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

7.2 Interest on Floating Rate Notes

(a) Interest Payment Dates

This Condition 7.2 (*Interest on Floating Rate Notes*) applies to Floating Rate Notes only. The applicable Pricing Supplement contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 7.2 (*Interest on Floating Rate Notes*) for full information on the manner in which interest is calculated on Floating Rate Notes. In particular, the applicable Pricing Supplement will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Legal Maturity Date, the Expected Maturity Date, the Business Day Convention, any Additional Business Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Agent Bank, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Pricing Supplement will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Pricing Supplement will also specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

Each Floating Rate Note bears interest on its principal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 7.2(a)(ii) (*Interest Payment Dates*), the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Pricing Supplement.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent Bank under an interest rate swap transaction if the Agent Bank were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (B) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (C) the relevant Reset Date is the day specified in the applicable Pricing Supplement.

For the purposes of this subparagraph (i), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being LIBOR unless otherwise specified in the applicable Pricing Supplement) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays

the information) as at 11.00 a.m. (London time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Agent Bank. If five or more of such offered quotations are available on the Relevant Screen Page (or such replacement page on that service which displays the information), the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent Bank for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page (or such replacement page on that service which displays the information) is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Agent Bank will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent Bank will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate principal amount of the Notes represented by such Global Note; or
- (ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest penny, half a penny being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 7.2 (*Interest on Floating Rate Notes*):

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365; and
- (iii) if "Actual/365 (Sterling)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366.

(e) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Agent Bank by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Pricing Supplement), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Issuer shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) Notification of Rate of Interest and Interest Amounts

The Agent Bank will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and/or admitted to trading and notice thereof to be published in accordance with Condition 16 (*Notices*) as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and/or admitted to trading and to the Noteholders in accordance with Condition 16 (*Notices*).

(g) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7.2 (*Interest on Floating Rate Notes*) by the Agent Bank shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the other Paying Agents, the Agent Bank and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent Bank or the Trustee in

connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

(h) Agent Bank

The Issuer shall procure that, so long as any of the Notes remains outstanding, there is at all times an Agent Bank for the purposes of the Notes and the Issuer may, subject to the prior written approval of the Trustee, terminate the appointment of the Agent Bank. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Agent Bank or failing duly to determine the Rate of Interest and the Interest Amount for any Interest Period, the Issuer shall, subject to the prior written approval of the Trustee, appoint the London office of another major bank engaged in the London interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed.

7.3 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused or default is otherwise made in the payment thereof. In such event, interest will continue to accrue as provided in the Trust Deed.

8. PAYMENTS

8.1 Method of payment

Subject as provided below, payments will be made by credit or transfer to a Sterling account maintained by the payee with or at the option of the payee, by cheque in Sterling drawn on, a bank in London.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

8.2 Presentation of definitive Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 8.1 (*Method of payment*) only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted

will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 11 (*Prescription*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 11 *Prescription*) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Legal Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is in relation to any date, a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) on which the aggregate amount of interest remaining to be paid after that date (other than interest represented by Talons which have not been exchanged for further Coupons) is more than the principal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

8.3 Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

8.4 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular principal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

8.5 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 11 (*Prescription*)) is a Business Day and, in the case of Notes in definitive form, a day on which commercial banks and foreign exchange markets settle payments and are open for general business in the relevant place of presentation.

8.6 Interpretation of principal

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) the Final Redemption Amount of the Notes;
- (b) the Optional Redemption Amount(s) (if any) of the Notes; and
- (c) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

9. REDEMPTION AND PURCHASE

9.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer, by application of the Available Issuer Receipts in accordance with the Pre-Enforcement Priority of Payments, at its Final Redemption Amount in Sterling on each Interest Payment Date in the period from and including the Expected Maturity Date to and including the Legal Maturity Date, until redemption and payment in full of all amounts (including principal and interest) payable in respect of the Notes. All interest accrued on the Notes will be paid in accordance with the Pre-Enforcement Priority of Payments on each Interest Payment Date to and including the Legal Maturity Date, until redemption and payment in full of all amounts (including principal and interest) payable in respect of the Notes.

All outstanding Notes not redeemed in full prior to the Legal Maturity Date will be redeemed by the Issuer in accordance with the Pre-Enforcement Priority of Payments in full on the Legal Maturity Date, together with interest accrued to (but excluding) the Legal Maturity Date.

The Issuer will give notice to the Noteholders in accordance with Condition 16 (*Notices*) at least 5 Business Days prior to each date of payment pursuant to this Condition 9.1 (*Redemption at maturity*) of the relevant amounts to be paid on such payment date.

9.2 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Pricing Supplement, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Pricing Supplement to the Noteholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a principal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement.

The Optional Redemption Amount will be:

- (a) if the Issuer certifies to the Trustee that it is redeeming the Notes due to it having become unlawful, or contrary to a request from or requirement of any applicable fiscal, monetary or other authority, for the Issuer to perform any of its obligations as contemplated in a Loan Agreement, or to fund or maintain a Relevant Loan or allow a Relevant Loan to remain outstanding, par or such other amount as may be specified in the applicable Pricing Supplement;

- (b) if the Issuer certifies to the Trustee that it is redeeming the Notes due to an event of default having occurred under a Relevant Loan or a Borrower ceasing to be a Registered Provider (other than if such Borrower regains its status as a Registered Provider within 180 days), par; or
- (c) in each other case, the specified percentage of the principal amount of the Notes stated in the applicable Pricing Supplement, unless Spens Amount is specified in the applicable Pricing Supplement, in which case it will be the higher of the following:
 - (i) par; and
 - (ii) the amount (as calculated by a financial adviser nominated by the Issuer and approved by the Trustee (the **Nominated Financial Adviser**) and reported in writing to the Issuer and the Trustee) which is equal to the principal amount of the Notes to be redeemed multiplied by the price (expressed as a percentage and calculated by the Nominated Financial Adviser) (rounded to three decimal places (0.0005 being rounded upwards)) at which the Gross Redemption Yield on the Notes (if the Notes were to remain outstanding until their Legal Maturity Date) on the Determination Date would be equal to the sum of (i) the Gross Redemption Yield at 3.00pm (London time) on the Determination Date of the Benchmark Gilt (determined by reference to the middle market price) and (ii) the Spens Margin specified in the applicable Pricing Supplement,

together with any interest accrued up to (but excluding) the date of redemption.

For the purposes of this Condition:

Benchmark Gilt means the gilt specified as such in the applicable Pricing Supplement or such other conventional (i.e. not index-linked) UK Government Gilt as the Issuer (with the advice of the Nominated Financial Adviser) may determine to be the most appropriate benchmark conventional UK Government Gilt;

Determination Date means two Business Days prior to the dispatch of the notice of redemption; and

Gross Redemption Yield means a yield calculated by the Nominated Financial Adviser on the basis set out by the United Kingdom Debt Management Office in the paper "*Formulae for Calculating Gilt Prices from Yields*" page 5, Section One: Price/Yield Formulae (Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date) (published on 8th June, 1998 and updated on 15th January, 2002 and 16th March, 2005) (as amended or supplemented from time to time).

9.3 Partial redemption

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 16 (*Notices*) not less than 15 days prior to the date fixed for redemption.

9.4 Purchases

The Issuer, any borrower under a Relevant Loan, any holding company of the Issuer or any such borrower or Subsidiary of any such holding company or the Issuer or any such borrower may at any time purchase Notes, including, in the case of the Issuer, Retained Notes, (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, resold or, at the option of the Issuer or such borrower, surrendered to any Paying Agent for cancellation.

9.5 Retained Notes

- (a) If "Retained Notes" is specified as applicable in the applicable Pricing Supplement, Notes in a principal amount as specified in the applicable Pricing Supplement will be purchased by or on behalf of, and held by or for the account of, the Issuer following issue and may be sold or otherwise disposed of in whole or in part by private treaty at any time (the **Retained Notes**), and shall cease to be Retained Notes to the extent of and upon such sale or disposal.
- (b) Retained Notes shall, pending sale or disposal by the Issuer, carry the same rights and be subject in all respects to the same Conditions as the other Notes, except that the Retained Notes will not be treated as outstanding for the purposes of, *inter alia*, the right to attend and vote at meetings of Noteholders, the determination of how many Notes are outstanding for the purposes of a partial redemption of the Notes, enforcement, Events of Default and meetings of Noteholders, any discretion, power or authority which the Trustee is required to exercise in or by reference to the interest of the holders of the Notes and the determination by the Trustee of whether a circumstance is materially prejudicial to the interests of the holders of the Notes as provided in the Trust Deed. Notes which have ceased to be Retained Notes shall carry the same rights and be subject in all respects to the same Conditions as the other Notes.

9.6 Cancellation

All Notes which are redeemed by the Issuer pursuant to Condition 9.2 (*Redemption at the option of the Issuer (Issuer Call)*) or purchased by the Issuer, any borrower under a Relevant Loan, any holding company of the Issuer or any such borrower or Subsidiary of any such holding company or the Issuer or any such borrower and surrendered for cancellation pursuant to Condition 9.4 (*Purchases*) will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

The Issuer may cancel any Retained Notes held by it or on its behalf at any time.

10. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will not be obliged to make any additional payments to Noteholders or Couponholders in respect of such withholding or deduction. Any such withholding or deduction will not constitute an Event of Default under Condition 12 (*Events of Default and Enforcement*).

As used herein **Tax Jurisdiction** means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision

or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons.

11. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

As used herein, the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 16 (*Notices*).

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 8.2 (*Presentation of definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 8.2 (*Presentation of definitive Notes and Coupons*).

12. EVENTS OF DEFAULT AND ENFORCEMENT

12.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice in writing to the Issuer that each Note is, and each Note shall thereupon immediately become, due and repayable at par together with accrued interest as provided in the Trust Deed (and the security shall thereupon become enforceable as referred to in Condition 4.2 (*Enforcement of Security*)) if any of the following events (each an **Event of Default**) occurs and is continuing:

- (a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and (in the case of interest) the default continues for a period of 14 days;
- (b) if the Issuer fails to perform or observe any of its other obligations under the Notes, the Coupons or the Trust Deed, the breach of which obligation the Trustee certifies to be materially prejudicial to the interests of the Noteholders, and (except in any case where the Trustee considers the failure to be incapable of remedy or certifies that in its opinion any delay would be materially prejudicial to the interests of the Noteholders when no continuation or notice as is hereinafter mentioned will be required) such failure continues for a period of 21 days (or such longer period as the Trustee may permit) next following the service by the Trustee upon the Issuer of notice requiring the same to be remedied;
- (c) the security for any other indebtedness of the Issuer shall become enforceable and steps are taken to enforce the same or any unsecured indebtedness of the Issuer shall by reason of default become repayable by reference to any due date for repayment or shall not be repaid when due and validly demanded and steps are taken to demand repayment of the same;
- (d) if any order shall be made by any competent court or any resolution passed for the winding up or dissolution of the Issuer (save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms approved by the Trustee) or the Issuer

becomes unable to pay its debts as and when they fall due, or is deemed unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986;

- (e) if (i) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or any part of the undertaking or assets of the Issuer or an encumbrancer takes possession of the whole or any part of the undertaking or assets of the Issuer, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of the Issuer, and (ii) in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order), is not discharged within 14 days;
- (f) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (g) if any event occurs which, under the laws of any relevant jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in subparagraphs (c) to (f) above.

12.2 Enforcement

The Trustee may at any time, at its discretion and without notice, take such actions, steps or proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such actions, steps or proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, (i) fails so to do within a reasonable period, or (ii) is unable for any reason so to do, and the failure or inability shall be continuing.

13. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

14. AGENTS

The initial Paying Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Pricing Supplement.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent; and
- (b) so long as the Notes are listed and/or admitted to trading on any stock exchange or securities market, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or securities market.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

15. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 11 (*Prescription*).

16. NOTICES

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant

authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

17. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in principal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Notes whatever the principal amount of the Notes so held or represented. The Trust Deed does not contain any provisions requiring higher quorums in any circumstances. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution, and on all Couponholders.

The Trust Deed contains provisions allowing for modification of Condition 4 (*Security*) and Condition 6 (*Covenants*) in respect of all Series of Notes to be sanctioned by a meeting of the holders of all Series of Notes (provided that the relevant Condition(s) (or parts thereof) subject to modification are the same for all Series of Notes prior to such modification and shall be modified in the same manner in respect of all Series of Notes). For the purposes of any such modification in respect of all Series of Notes, the same provisions (including in relation to quorum) as for meetings of the Noteholders of one Series of Notes shall apply, save that all references to **Notes** shall be construed as references to "all Series of Notes" and all references to **Noteholders** or **holders of Notes** shall be construed as references to the "holders of all Series of Notes".

The Trustee may (i) without the consent of the Noteholders or Couponholders (but subject to confirmation from each Rating Agency that its then current rating of the Notes would not be adversely affected), agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or (ii) agree, without any such consent or confirmation as aforesaid, to any modification which in its opinion is of a formal, minor or technical nature or to correct a manifest error or an error which is proven to the satisfaction of the Trustee. In addition, the Trustee shall be obliged (subject as provided in the Trust Deed) to consent to modifications to the Core Terms in the circumstances specified in Condition 6(d) (*Covenants*). Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 16 (*Notices*) as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have

regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders.

18. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer, the Borrowers and their respective subsidiaries or associated companies, or any of them, and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, any of them, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

19. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes and rank *pari passu* with, and share the same security as, the Notes.

20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

21. GOVERNING LAW AND SUBMISSION TO JURISDICTION

21.1 Governing law

The Trust Deed, the Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Custody Agreement, the Notes and the Coupons are governed by, and construed in accordance with, English law.

21.2 Submission to jurisdiction

- (a) Subject to Condition 21.2(c) (*Submission to jurisdiction*), the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation,

performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer, the Trustee and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

- (b) For the purposes of this Condition 21.2 (*Submission to jurisdiction*), the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Trustee, the Noteholders, the Receiptholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

21.3 Other documents

The Issuer has in the Trust Deed, the Agency Agreement and the Custody Agreement submitted to the jurisdiction of the English courts.

USE OF PROCEEDS

The net proceeds from each issue of Notes (excluding the Retained Notes (if any)) will be advanced by the Issuer to one or more Borrowers for the purposes and on the terms set out under "*Description of the Borrowers*" and "*Description of Core Terms of the Loan Agreements*" below, subject to there being no event under the relevant Loan Agreement pursuant to which the advance would not be made. In the event that a Borrower's drawdown date under the relevant Loan Agreement is later than the issue date of the relevant Tranche of Notes, the net proceeds will, until advanced, be: (i) held on deposit with a bank or financial institution with a credit rating which will not adversely affect the then current rating of the Issuer or the Notes; (ii) invested in instruments denominated in Sterling which have a maturity date before the drawdown date under the relevant Loan Agreement and which are direct obligations of the UK or of any agency or instrumentality of the UK which are guaranteed by the UK; or (iii) invested in instruments denominated in Sterling which have a maturity date before the drawdown date under the relevant Loan Agreement and which are issued by or guaranteed by sovereign or supranational issuers with a rating as provided by a Rating Agency at least equal to the rating of the UK as provided by such Rating Agency at the time of such investment.

The net proceeds of the sale of Retained Notes to a third party will be advanced by the Issuer (with the exception of a sum equivalent to the relevant number of days' accrued interest, which will be retained by the Issuer) to the one or more Borrowers, for the purposes and on the terms set out under "*Description of the Borrowers*" and "*Description of Core Terms of the Loan Agreements*" below, subject to there being no event under the relevant Loan Agreement pursuant to which the advance would not be made. In the event that a Borrower's drawdown date under the relevant Loan Agreement is later than the date of the sale of Retained Notes to a third party, the net proceeds will, until advanced, be: (i) held on deposit with a bank or financial institution with a credit rating which will not adversely affect the then current rating of the Issuer or the Notes; (ii) invested in instruments denominated in Sterling which have a maturity date before the drawdown date under the relevant Loan Agreement and are direct obligations of the UK or of any agency or instrumentality of the UK which are guaranteed by the UK; or (iii) invested in instruments denominated in Sterling which have a maturity date before the drawdown date under the relevant Loan Agreement and which are issued by or guaranteed by sovereign or supranational issuers with a rating as provided by a Rating Agency at least equal to the rating of the UK as provided by such Rating Agency at the time of such investment.

Social Bond Framework

The THFC Group (as defined below) has established a social bond framework (the **Social Bond Framework**) for its members, including the Issuer. Under the Social Bond Framework, the Issuer may issue social bonds to finance and/or refinance, in whole or in part, social/affordable housing projects falling within the categories set out in the Social Bond Framework or other activities carried out in support of those projects and the relevant Borrower's social purpose (**Social Bonds**).

The THFC Group has appointed Moody's ESG Solutions (an independent provider of environmental, social and governance research, ratings and analysis formerly known as Vigeo Eiris) to review the alignment of the Social Bond Framework with industry practice. Moody's ESG Solutions has evaluated the Social Bond Framework and has issued an independent opinion confirming its alignment with the Social Bond Principles (June 2021 edition) as published by the International Capital Markets Association (the **ICMA**).

The Issuer may further update or expand the Social Bond Framework to align with other standards and best practices, such as the EU Taxonomy, EU Green Bond Standard, UK Taxonomy or other relevant standards, rules, guidance and guidelines.

The Social Bond Framework is available on the Issuer's website (<https://blendfundingplc.com/investor-relations/esg/>).

For the avoidance of doubt, the Social Bond Framework and the second party opinion(s) referred to in the applicable Pricing Supplement are not, nor shall they be deemed to be, incorporated in and/or form part of this Programme Memorandum.

Sustainable Bond Framework

The THFC Group has also established a sustainable bond framework (the **Sustainable Bond Framework**) for its members, including the Issuer. Under the Sustainable Bond Framework, the Issuer may issue sustainability bonds to finance and/or refinance, in whole or in part, sustainable housing projects falling within the categories set out in the Sustainable Bond Framework or other activities carried out in support of those projects and the relevant Borrower's sustainable purpose (**Sustainability Bonds**).

The THFC Group has appointed Moody's ESG Solutions (an independent provider of environmental, social and governance research, ratings and analysis formerly known as Vigeo Eiris) to review the alignment of the Sustainable Bond Framework with industry practice. Moody's ESG Solutions has evaluated the Sustainable Bond Framework and has issued an independent opinion confirming its alignment with the Green Bond Principles (June 2021 edition) and the Social Bond Principles (June 2021 edition) each as published by the ICMA.

The Issuer may further update or expand the Sustainable Bond Framework to align with other standards and best practices, such as the EU Taxonomy, EU Green Bond Standard, UK Taxonomy or other relevant standards, rules, guidance and guidelines.

The Sustainable Bond Framework is available on the Issuer's website (<https://blendfundingplc.com/investor-relations/esg/>).

For the avoidance of doubt, the Sustainable Bond Framework and the second party opinion(s) referred to in the applicable Pricing Supplement are not, nor shall they be deemed to be, incorporated in and/or form part of this Programme Memorandum.

Any additional information related to the use of proceeds will be set out in the applicable Pricing Supplement.

DESCRIPTION OF THE ISSUER

Incorporation and Status

bLEND Funding Plc (the **Issuer**) is a public limited company incorporated in England with registered number 11352234 on 9th May, 2018 under the Companies Act 2006.

The registered address of the Issuer is 3rd Floor, 17 St. Swithin's Lane, London EC4N 8AL and its telephone number is (+44) (0)20 7337 9920. The Issuer has no subsidiaries.

Principal activities of the Issuer

The Issuer was established to raise debt for the purpose of on lending to registered providers of social housing, registered social landlords and registered housing associations in England, Wales, Scotland and Northern Ireland.

In undertaking these activities the Issuer will be reliant on the services provided by the Administrator under the Management Services Agreement.

Share capital and organisational structure

The share capital of the Issuer consists of £50,000 divided into 50,000 ordinary shares of £1 par value each, all of which have been issued one-quarter paid. The paid-up capital of the Issuer is £12,500. The shares in the Issuer are held by the Administrator.

The ultimate parent undertaking of the Issuer is The Housing Finance Corporation Limited (**THFC**). THFC is a registered society pursuant to the Co-operative and Community Benefit Societies Act 2014, having been incorporated in 1987 as an industrial and provident society by the Housing Corporation and the National Housing Federation to provide access to institutional finance to housing associations.

The THFC Group currently consists of THFC itself, a number of registered society subsidiaries (which act as aggregating vehicles in their own right), Affordable Housing Finance Plc (which acts as an aggregating vehicle in accordance with the terms of a licence granted to it by the Department for Levelling Up, Housing and Communities in 2013) and the Administrator (together, the **THFC Group**).

Whilst the Issuer is a member of the THFC Group by virtue of the shares held in it by the Administrator, the Issuer is a separate legal entity and, as such, the Issuer neither expects to provide financial support to any other member of the THFC Group nor does it expect to receive financial support from any other member of the THFC Group.

DIRECTORS

The directors of the Issuer and their principal activities outside the Issuer are:

Directors of the Issuer

Name	Address	Principal Activities outside the Issuer
George Patrick Blunden	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Company Director

Name	Address	Principal Activities outside the Issuer
Scott Lee Bottles	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Company Director
Julie Laraine Coetzee	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Finance Director, THFC Management of Special Purpose Companies
Anthony Neil King	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Company Director
Fiona Jane MacGregor	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Company Director
David Frederick Montague	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Company Director
Arun Poobalasingam	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Company Director
Shirley Diana Smith	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Company Director
David William Stokes	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Company Director
Gail Louise Teasdale	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Company Director
William Guy Thomas	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Company Director
John Piers Williamson	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Chief Executive, THFC Management of Special Purpose Companies

The secretaries of the Issuer are Julie Coetzee and Katherine Samantha Shallcross whose business address is 3rd Floor, 17 St. Swithin's Lane, London EC4N 8AL.

With the exception of the above, the Issuer has no employees or non-executive directors. The executive team of the Issuer (each of whom is employed by the Administrator) consists of Piers Williamson, Chief Executive, a former bank treasurer who joined THFC in October 2002; David Stokes, Credit and Risk Director, a former bank head of credit who joined THFC in November 2012; Arun Poobalasingam, Head of Relationship Management and Business Development, a former bank relationship director who joined THFC in August 2021; and Julie Coetzee, Finance Director, a Chartered Accountant who joined THFC in January 2023 and was appointed Company Secretary of THFC in February 2023.

Subject as follows, there are no potential conflicts of interest between any duties to the Issuer of the directors of the Issuer and their private interests and/or duties.

Each of the directors of the Issuer is also a director of the Administrator and of THFC. It is possible that their duties as directors of the Administrator and THFC may give rise to a potential conflict with duties to the Issuer as the Administrator is a provider of services to the Issuer and THFC may be considered to be a competitor of the Issuer.

Priya Nair, Senior Director of Infrastructure at abrdn Investment Management, will be appointed as Chief Executive of THFC on 11 March 2024, replacing John Piers Williamson. She currently serves as a non-executive director and chair of the investment committee at the Port of London Authority and as a senior trustee of the charity, Sported.

T.H.F.C. (Services) Limited

T.H.F.C. (Services) Limited (the **Administrator**) is the parent company of the Issuer. The Administrator's business is principally the provision of staff and various management and company secretarial services to members of the THFC Group and managed third party loan aggregating companies.

Management Services Agreement

Pursuant to a Management Services Agreement dated 24th July, 2018 (as amended or replaced from time to time, the **Management Services Agreement**) between the Issuer and the Administrator, the Administrator has agreed to perform various financing and ancillary services set out therein.

These services include:

- (a) arranging financing and other services on behalf of the Issuer, including:
 - (i) in respect of the Loans, undertaking marketing to potential Borrowers (who may then be admitted to a credit assessment process undertaken by Moody's) and sourcing lending opportunities, undertaking credit due diligence on potential Borrowers, negotiating the commercial terms of the Loans, reviewing and approving Loan documentation in respect of the entry by the Issuer into new Loans, record-keeping in respect of the Loans, monitoring the performance of the Borrowers' obligations in respect of the Loans and taking such action as the Issuer and the Administrator consider appropriate in the event that payments due under the Loans are not received on the due date;
 - (ii) in respect of any security granted by the Borrowers in favour of the Issuer, checking for initial suitability of the relevant housing stock, assisting the Issuer in reviewing and approving security documentation, managing substitution requests from Borrowers, reviewing security (including reviewing any valuations received from Borrowers), reporting to the Issuer on security and facilitating approvals and consents by the issuer in respect of the above as required; and

- (iii) monitoring the financing and liquidity requirements of the Issuer and assisting the Issuer with the management of its assets and liabilities, including making recommendations to the board of directors of the Issuer and carrying out any administrative functions as may be required in respect of any issuance, redemption or purchase or exchange of Notes; and
- (b) providing various corporate administration services, including:
 - (i) administrative services relating to the establishment of the Programme, the monitoring and administration of the Issuer's accounts, the preparation of various notices and reports and record-keeping;
 - (ii) financial services relating to the maintenance of accounting records and the preparation of financial statements and corporate tax returns; and
 - (iii) additional services necessary to enable the issuer to comply with its obligations under the Programme Documents (other than the Management Services Agreement).

In performing its duties under the Management Services Agreement, the Administrator has covenanted, *inter alia*, (a) to devote such time and effort and provide such facilities and make available such staff of such skill and experience as may be required from time to time to enable it to perform its duties under the Management Services Agreement efficiently and in a proper and business-like manner, (b) at all times, to act in accordance with all reasonable and proper directions, orders and instructions given to it by the Issuer and (c) not to do or omit to do anything which would constitute a breach by the Issuer of any provision of the Notes, the Programme Documents (other than the Management Services Agreement), its articles of association or of any other legally binding restrictions applicable to the Issuer (together, the **Required Standard of Care**).

Pursuant to clause 14 of the Management Services Agreement, the Administrator may delegate any of its functions to an agent of the Administrator on such terms as it thinks reasonably fit. In respect of any agent appointment by it, the Administrator has covenanted to ensure that such agent complies with the Required Standard of Care.

Auditors

The Issuer has appointed CLA Evelyn Partners Limited (formerly known as Nexia Smith & Williamson Audit Limited) of 45 Gresham Street, London EC2V 7BG as its auditors. CLA Evelyn Partners Limited are chartered accountants and registered auditors and are members of the Institute of Chartered Accountants in England and Wales and have audited the annual accounts of the Issuer since its incorporation.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer since 31st March, 2023 and there has been no material adverse change in the financial position or prospects of the Issuer since 31st March, 2023.

DESCRIPTION OF THE BORROWERS

Borrowers

Each Borrower is an entity whose principal purpose, objects and powers are to provide, construct, improve, manage, facilitate or encourage the construction or improvement of housing accommodation. Each is either a registered society, a company limited by guarantee or a charitable trust and all are registered providers of social housing, registered social landlords, registered housing associations or registered social housing providers whose activities are regulated by the Regulator of Social Housing (in England), the Welsh Assembly Government (in Wales), the Scottish Housing Regulator (in Scotland) or the Department for Communities (in Northern Ireland). Each Borrower is prohibited by its constitution from trading for profit and any surplus which may result from its operations may not be distributed, either directly or indirectly, in any way whatsoever among its members.

The Issuer will ensure that all Borrowers go through an assessment process by Moody's sufficient to establish and maintain a rating on Notes issued under the Programme and will not enter into a Loan Agreement with a Borrower without written confirmation from the Rating Agencies that the entry into a Loan Agreement with such Borrower will not adversely affect the then current rating of the Issuer or the Notes.

Each Loan has been and will be made by the Issuer in the normal course of its business and will comply with the Core Terms as set out in the Trust Deed and as may be amended from time to time (the **Core Terms**, the current terms of which are described in "*Description of the Loan Agreements and the Core Terms*").

Regulation of housing associations

England

The funding and regulation of housing associations has undergone significant change in recent years under the Housing and Regeneration Act 2008, as amended by the Location Act 2011 and the Housing and Planning Act 2016 (the **2008 Act**). The functions of the Regulator of Social Housing were previously carried out through a separate committee of the HCA (the **Regulation Committee**). In October 2018, the Legislative Reform (Regulator of Social Housing) (England) Order 2018 brought the "Regulator of Social Housing" into existence as an independent stand-alone non-departmental public body of the government. The investment function, namely the provision of grant funding for the creation of new social housing, is carried out through the rebranded arm of the HCA – Homes England (or the Greater London Authority in London).

The objectives of the Regulator of Social Housing are split into an economic regulation objective and consumer regulation objectives.

The economic regulation objective is:

- to ensure that registered providers of social housing are financially viable and properly managed and perform their functions efficiently and economically;
- to support the provision of social housing sufficient to meet reasonable demands (including by encouraging and promoting private investment in social housing); and
- to ensure that value for money is obtained from public investment in social housing and that unreasonable burden is not imposed (directly or indirectly) on public funds and they are not misused.

The consumer regulation objective is:

- to support the provision of social housing that is well managed and of appropriate quality and there is sufficient choice and protection to actual or potential tenants of social housing;

- to ensure that tenants of social housing have the opportunity to be involved in its management and to hold their landlords to account; and
- to encourage registered providers of social housing to contribute to the environmental, social and economic wellbeing of the areas in which the housing is situated.

The publication of the "Charter for Social Housing Residents: Social Housing White Paper" by the Department for Levelling Up, Housing & Communities on 17th November, 2020 which was updated on 22nd January, 2021 (the **Social Housing White Paper**) indicated that the UK Government intends to alter the regulation objectives so as to explicitly cover safety and transparency, in addition to the objectives listed above; and this intention is to be implemented via the new Social Housing (Regulation) Act 2023 (the **Social Housing Act**), which received Royal Assent on 20th July, 2023.

The Regulator of Social Housing has a duty to exercise its functions in a way that minimises interference and is (as far as is possible) proportionate, consistent, transparent and accountable. These requirements underpin how the Regulator of Social Housing carries out all of its functions.

In England, registered providers of social housing are categorised as private registered providers or local authority registered providers. Private registered providers may be profit-making and non-profit making. Profit-making registered providers are subject to a slightly different regulatory regime and are not subject to some of the statutory powers of the Regulator of Social Housing. Local authority registered providers are regulated only in respect of the consumer regulation objective and, from April, 2020, the rent standard element of the economic regulation objective.

Regulatory standards have been set by the Regulator of Social Housing. There are three economic standards (governance and financial viability; value for money; and rent) and four consumer standards (tenant involvement and empowerment; home; tenancy and neighbourhood; and community), all of which are supplemented by various guidance, policies and codes of practice which set out more information about how the Regulator of Social Housing will regulate in practice and how it will gain assurances in order to form judgments on registered providers of social housing.

The Regulator of Social Housing continues to provide proactive regulation of the economic standards, but in relation to the consumer standards it has taken a more reactive approach with the use of its statutory powers being restricted to instances where there is a risk of serious detriment to tenants. There is no such restriction in the context of any potential breach of one of the economic standards.

The Social Housing White Paper and Social Housing Act have proposed a change to the regulation of consumer standards. The Social Housing Act proposes to remove the "serious detriment" test (therefore lowering the threshold at which the Regulator of Social Housing can use its statutory powers to enforce the consumer standards), and to provide the Regulator of Social Housing with the ability to issue codes of practice relating to the consumer standards. Routine inspections of larger landlords are also proposed, together with more reactive inspections where issues of concern are raised. The Regulator of Social Housing concluded its consultation on new consumer standards later in October 2023, and the new standards will come into force in April 2024.

The Regulator of Social Housing has enforcement powers including powers to require information, to make appointments to a private registered provider's board, to issue enforcement notices and penalties, to require payment of compensation to tenants and to outsource management functions as well as to conduct inquiries. The Social Housing White Paper and Social Housing Act contain various mechanisms to strengthen the enforcement powers of the Regulator of Social Housing, including the removal of the financial cap on fines, and an ability to require performance improvement plans from registered providers of social housing. The Regulator of Social Housing also has statutory powers in relation to moratorium under the 2008 Act in the event of the insolvency of a registered provider of social housing. Under the Insolvency of Registered

Providers of Social Housing Regulations 2018, it has the power to ask the court to appoint a housing administrator under the special administration provisions incorporated within the Housing and Planning Act 2016 (see "*Risk Factors – Factors which may affect the Borrowers' ability to fulfil their obligations under the Loan Agreements*" for a discussion of housing administration and the 2008 Act moratorium more generally).

As the Regulator of Social Housing takes a risk-based proportionate approach it regulates registered providers of social housing differently depending upon its judgment as to their level of risk exposure. In particular, registered providers of social housing that own fewer than a thousand social housing units are subject to a different and lighter level of regulatory engagement than larger registered providers of social housing.

On 30th October, 2015, the ONS announced the reclassification of housing associations in England from "private non-financial corporations" to "public non-financial corporations" for the purposes of national accounts and other ONS economic statistics. In response the Government confirmed in November 2015 that it would introduce statutory deregulatory measures with the intention that the private sector status of registered providers of social housing be restored. From April 2017 onwards the Housing and Planning Act 2016 introduced a deregulation regime in respect of certain actions of registered providers of social housing (e.g. disposing of social housing dwellings and certain other land, obtaining consent prior to undertaking certain constitutional amendments, restructurings or mergers) and replaced it with a notification regime.

Wales, Scotland and Northern Ireland

Wales, Scotland and Northern Ireland are the subject of separate regulatory and funding regimes, operated by the Welsh Ministers, the Scottish Housing Regulator and the Northern Ireland Department for Social Development, respectively.

Wales

The Welsh Ministers regulate housing associations in Wales. They have powers under the Housing Associations Act 1985, the Housing Act 1996 and the Housing (Wales) Measure 2011 in respect of both the registration and regulation of Welsh RSLs and the funding of social housing. The Welsh framework is currently set out in the 2021 Regulatory Framework for Housing Associations registered in Wales which came into effect in January 2022.

This framework incorporates performance standards specified by the Welsh Ministers which must be met by Welsh RSLs. These cover matters such as effective board and executive management, tenant involvement, the quality of services, risk management, value for money and viability. Failure to meet a performance standard is grounds for the exercise of enforcement powers. The Welsh Ministers are committed to a regulatory approach based on: proportionality, transparency and openness, consistency and promoting continuous improvement and learning.

The Welsh Ministers also have the power to set standards of performance in relation to Welsh RSL rents. The Welsh Assembly Government has published a Standard for Social Housing Rents and Service Charges which governs rents (as to which see *Risk Factors – Factors which may affect the Borrowers' ability to fulfil their obligations under the Loan Agreements – Rental Growth Risk* above)

The Welsh Ministers have consulted upon deregulatory measures similar to those which are currently in force for England and the Regulation of Social Landlords (Wales) Act 2018 was enacted on 13th June, 2018 in order to help Welsh RSLs be reclassified to the private sector for ONS purposes. The operative provisions of the Act in relation to the deregulation regime came into force on 15th August, 2018. Under the Act, there are transitional provisions in relation to the removal of the requirement for Welsh RSLs to show net disposal proceeds separately in their accounts.

Scotland

Scottish RSLs are regulated by the Scottish Housing Regulator which was created pursuant to the Housing (Scotland) Act 2010 as independent regulator directly accountable to the Scottish Parliament. Its powers include the maintenance of a register of Scottish RSLs, setting standards of performance, financial management and governance. Its regulatory framework includes regulatory standards and detailed supporting guidance. The Scottish Ministers have a duty to establish standards and outcomes which Scottish RSLs should aim to achieve and to publish these in the Charter. Each Scottish RSL is responsible for meeting these outcomes and standards set out in the Charter. The Scottish Housing Regulator is responsible for monitoring and reporting on this performance against these outcomes and standards. It will name any Scottish RSL it considers to have failed to achieve the outcomes and standards or which it considers to be at risk of doing so. It has the power to set performance improvement targets for individual Scottish RSLs or categories of Scottish RSL.

The Scottish government has passed similar deregulatory measures to those adopted in England to ensure that Scottish RSLs are classified to the private sector for ONS purposes. These are in the Housing (Amendment) (Scotland) Act 2018 which has been fully operative since 8th March, 2019.

Northern Ireland

The Department for Communities is the housing regulator in Northern Ireland. The Department for Communities' functions are set out in article 4 of the Housing (Northern Ireland) Order 1992 and include, amongst other matters, the functions of promoting and assisting the development of registered housing associations in Northern Ireland; facilitating the proper exercise and performance of the functions; and publicising the aims and principles of registered housing associations in Northern Ireland. It is also responsible for establishing and maintaining a register of housing associations in Northern Ireland, for exercising supervision and control over registered housing associations in Northern Ireland and for considering applications for, and to make payments of, grants to registered housing associations in Northern Ireland. The Department for Communities performs equivalent functions in Northern Ireland with regard to the registration and supervisory functions of the Regulator of Social Housing in England and, to a more limited extent, to the funding functions of Homes England (as its funding abilities are not as extensive as Homes England's). Pursuant to the Housing (Amendment) (Northern Ireland) Order 2006, the funding powers of the Department for Communities were delegated to the Northern Ireland Housing Executive.

DESCRIPTION OF THE LOAN AGREEMENTS AND THE CORE TERMS

The following description of the Loan Agreements consists of a summary of certain provisions of the Loan Agreements and a description of the Core Terms and is qualified by reference to the detailed provisions thereof. The Loan Agreements are not, however, incorporated by reference into, and therefore do not form part of, this Programme Memorandum.

Definitions used in this section but not otherwise defined in this Programme Memorandum have the meanings given to them in the Loan Agreements.

DESCRIPTION OF THE LOAN AGREEMENTS

Each Loan Agreement (each a **Loan Agreement** and together the **Loan Agreements**) entered into by the Issuer with a Borrower will include the following terms or such other terms as the Issuer may agree from time to time, provided that such other terms will not adversely affect the then current rating of the Issuer.

Purpose

Each Loan may only be used by the relevant Borrower in furtherance of the provision of housing to provide finance for the purchase and/or acquisition and/or development and/or repair and/or improvement and/or refurbishment and/or financing and/or refinancing of existing loans or drawings from the relevant Borrower's other resources in each case relating to freehold or leasehold property and in accordance with the relevant Borrower's constitutional documents and compatible with its status as a non-profit registered provider of social housing, registered social landlord or registered housing association with the relevant regulator, including, for the avoidance of doubt, the repayment of any existing indebtedness of the relevant Borrower and any other amounts due and payable thereunder.

Where the Issuer has issued Sustainability Bonds to fund a Loan to the relevant Borrower, an agreed proportion of the proceeds of such Loan must be allocated to green projects such as the construction of green buildings or retrofit works to improve the energy efficiency of existing housing stock in the UK or projects related to housing in the UK that generate renewable energy or that reduce energy consumption or greenhouse gas emissions intensity, and such Borrower will provide such information (as agreed between the Issuer and the relevant Borrower) which is required to confirm eligibility under the Sustainable Bond Framework.

Facility

Subject to the provisions of each Loan Agreement, the Issuer shall commit to make a loan to a Borrower (each a **Loan**) which may be drawn by the Borrower in one or more advances.

Prepayment if Borrower ceases to be a Registered Provider

If a Borrower ceases to be a Registered Provider, it must notify the Issuer and then prepay the whole of the outstanding balance of its Loan, together with any interest and any prepayment premium payable under the terms of the relevant Loan Agreement, within 180 days. However if such Borrower regains its status as a Registered Provider within that period of 180 days the Borrower shall no longer be required to prepay the Loan.

Initial Security

The proceeds of each Loan will be initially deposited in the Cash Security Account of the Issuer (in its capacity as Cash Trustee pursuant to the terms of the Cash Security Trust Deed) and will be released to the relevant Borrower upon sufficient fixed security over social housing property being granted in favour of the Issuer, subject to compliance with the Asset Cover Test and the Income Cover Test.

Each Loan must be fully secured by fixed security over social housing property (in accordance with the security covenants specified therein) within 12 months of the Drawdown Date under the relevant Loan Agreement.

Fixed security may be charged to the Issuer, or to a security trustee that holds the benefit of such security in favour of the Issuer.

Release and Substitution

Charged Properties may be released and substituted in accordance with the terms of each Loan Agreement subject to compliance with the Asset Cover Test and the Income Cover Test.

Cash Security

Each Borrower may deposit the proceeds of disposal of the relevant Charged Properties which are released from charge into the Cash Security Account for the purpose of maintaining compliance with the Asset Cover Test and the Income Cover Test. The Cash Security may be withdrawn from the Cash Security Account (a) to be applied by a Borrower (provided, for the avoidance of doubt, that such Borrower continues, at such time, to be a Registered Provider) in the acquisition of a Substitute Property or (b) to the extent that such withdrawal would not cause a breach of the Asset Cover Test or the Income Cover Test.

Notwithstanding the above, a Borrower may, at any time, deposit, or arrange for the deposit of, any other money into the Cash Security Account for the purposes of satisfying the Asset Cover Test and the Income Cover Test.

Statutory Disposals

Each Borrower shall have the right to withdraw Property from the Fixed Charge Security pursuant to any Statutory Disposal subject to compliance with the Asset Cover Test and the Income Cover Test.

Full Valuations

Each Borrower shall deliver a Valuation Report to the Issuer at least once in every period of five calendar years.

Desk Top Valuations

Each Borrower shall deliver to the Issuer a Desk Top Valuation (being a valuation prepared by a valuer on a "desk-top" basis) once in each year other than a year in respect of which a Valuation Report is required to be delivered.

Loan Events of Default

Each Loan will include, *inter alia*, the following events of default:

- (a) non-payment;
- (b) breach of other obligations under the Finance Documents;
- (c) cross-default and cross-acceleration;
- (d) winding up or dissolution of the relevant Borrower;
- (e) cessation of business of the relevant Borrower;

- (f) a Borrower's failure or inability to its pay debts;
- (g) insolvency of the relevant Borrower;
- (h) the relevant Borrower initiates or consents to insolvency proceedings;
- (i) the relevant Borrower makes an arrangement with creditors;
- (j) it becomes unlawful for the relevant Borrower to perform any of its obligations under the Finance Documents to which it is a party; and
- (k) breach of the Asset Cover Test or Income Cover Test.

Obligation to Notify the Issuer

Each Borrower shall notify the Issuer of any Event of Default (and the steps, if any, being taken to remedy it) or potential Event of Default in respect of the Loan Agreement promptly upon becoming aware of the same.

DESCRIPTION OF THE CORE TERMS

This section contains a summary of the existing core terms which are set out in the Trust Deed and may be amended from time to time in accordance with Condition 6(d) (*Covenants*) (the **Core Terms**) which the Issuer is required by the Trust Deed to impose on all Borrowers who borrow monies from the Issuer pursuant to a Loan Agreement. Full details of the Core Terms are contained in the Trust Deed as amended, modified and/or restated from time to time (which is available for inspection, see "*General Information – Documents Available*"). The Core Terms may be further supplemented or amended from time to time. Any amendment may only be made with the consent of the Trustee and the Trustee shall, subject as provided in the Trust Deed, be obliged to consent to such amendment if each Rating Agency has confirmed that such amendment will not adversely affect the then current rating of the Issuer.

The Core Terms as at the date of this Programme Memorandum are as follows:

- (a) ***Borrower Status***: Each Borrower under a Loan Agreement must be a registered provider of social housing, registered social landlord, registered housing association or registered social housing provider whose activities are regulated by the Regulator of Social Housing (in England), the Welsh Assembly Government (in Wales), the Scottish Housing Regulator (in Scotland) or the Department for Communities (in Northern Ireland) or any replacement or successor regulator thereto.
- (b) ***Asset Cover Test***: Each Borrower shall ensure that at all times the sum of:
 - (i) the Minimum Value of the Charged Properties forming part of the Fixed Charge Security; and
 - (ii) the Cash Security,
 will not be less than the aggregate principal amount of the Loan.
- (c) ***Income Cover Test***: Each Borrower shall ensure that at all times the Net Annual Income of the Charged Properties shall be not less than 100 per cent. of the annual income payable on the Loan or if there is a balance in the Cash Security Account the amount of interest which would have been payable if the principal amount of the Loan was reduced by the amount of the Cash Security.
- (d) ***Liquidity Reserve Fund***: Each Borrower shall be required to establish a Liquidity Reserve Fund, which shall be constituted as a trust not revocable at the instance of such Borrower. Following the completion of charging of sufficient Charged Properties to satisfy the Asset Cover Test without taking

into account any Cash Security, each Borrower shall at all times ensure that the amount of the Liquidity Reserve Fund shall be not less than an amount equal to twelve months Interest Payments.

Interpretation

For these purposes:

Charged Property means any Property which forms part of the Fixed Charge Security;

Desk Top Valuation means, in relation to the Charged Properties, a valuation of those properties conducted in accordance with the same methodology as a Valuation Report addressed to, *inter alios*, the Issuer provided by a Valuer on a "desk-top" basis;

Fixed Charge Security means any fixed charge(s) (in form and content reasonably satisfactory to the Issuer) in favour of the Issuer over real property and/or the Cash Security Account approved by the Issuer and designated as security for the Loan;

Minimum Value means: $\left(\frac{A}{110} + \frac{B}{120} \right) \times 100$

where:

A = the Value of the residential EUV-SH Charged Properties determined on the basis of EUV-SH;
and

B = the Value of the residential MV-ST Charged Properties determined on the basis of MV-ST,

for the avoidance of doubt, the Properties forming part of the Fixed Charge Security shall each be treated as EUV-SH Charged Properties for the purpose of determining the Minimum Value unless and until designated as MV-ST Charged Properties in accordance with the relevant terms of the Loan Agreement;

Net Annual Income means at any time in relation to the Charged Property the annual income from such Charged Property as set out in the most recent Valuation Report or Desk Top Valuation then accruing or due to commence to accrue within three months thereafter (such income to be annualised where it is not receivable on an annual basis) after making proper provision for annual expenditure. Provided that no Net Annual Income shall be attributed to any leasehold property the term of which expires before the final maturity date of the Loan.

For these purposes, **annual expenditure** in respect of any real property shall be the minimum level of expenditure (taking into account without limitation ground and head rents, rates (or equivalent), insurance, repairs, maintenance and other outgoings, amortisation of leaseholds in accordance with generally accepted principles from time to time in force and depreciation of any fixed plant and machinery thereon) which would be required in respect of the next twelve months to manage and maintain such real property in good and tenable repair and condition.

Property means all estates or interests of a Borrower in any freehold, heritable or leasehold property wheresoever situate now or in the future belonging to it and all buildings, fixtures, fittings (other than tenants fixtures and fittings) and fixed plant and machinery from time to time thereon (and **Properties** shall be construed accordingly);

Valuation Report means, in relation to the Charged Properties, a valuation of those properties addressed to the Issuer provided by a Valuer containing such information as is relevant to the portfolio

of Charged Properties and showing the value of the properties on the basis of EUV-SH and/or MV-ST (to the extent applicable) or, where agreed between the Issuer and the Borrower, a letter from the relevant Valuer confirming that there have been no material changes in respect of a previous Valuation Report given by such Valuer in respect of such properties;

Value means, at any time and in relation to the Charged Properties, the value of those properties as shown in the then latest Valuation Report or Desk Top Valuation on the basis of EUV-SH or, as the case may be, MV-ST (provided that if any Charged Property or part thereof is sold pursuant to a Right to Buy, the Value of the relevant Charged Property shall, for the purposes of this definition and with effect from the date of the relevant sale or release, be zero (if the entire relevant Charged Property has been sold) or (if only part of the relevant Charged Property has been sold) shall be the proportion of the value of the Charged Property which has not been sold pursuant to the relevant Right to Buy); and

Valuer means an independent professional valuer or reputable firm of surveyors which is a member of RICS as may be appointed by a Borrower and approved by the Issuer from time to time.

TAXATION

UK Taxation

The following is a summary of the Issuer's understanding of current UK law and published HM Revenue and Customs practice relating only to the UK withholding tax treatment of payments of interest (as that term is understood for UK tax purposes) in respect of Notes. It does not deal with any other UK taxation implications of acquiring, holding or disposing of Notes. The UK tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the UK or who may be unsure as to their tax position should seek their own professional advice.

Payments of interest on the Notes may be made without deduction of or withholding on account of UK income tax provided that the Notes carry a right to interest and the Notes are and continue to be "admitted to trading on a multilateral trading facility" operated by a "recognised stock exchange" within the meaning of section 987 of the Income Tax Act 2007 that is regulated in the UK or the EEA. The ISM is a multilateral trading facility for this purpose. The ISM is operated by the London Stock Exchange which is a recognised stock exchange that is regulated in the UK. Provided, therefore, that the Notes carry a right to interest and are and remain admitted to trading on a multilateral trading facility operated by a recognised stock exchange that is regulated in the UK or the EEA, interest on the Notes will be payable without deduction of or withholding on account of UK tax.

Payments of interest on Notes may be made without deduction of or withholding on account of UK tax where the maturity of the Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a UK source on account of UK income tax at the basic rate (currently 20 per cent.), subject to any other available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the UK) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under Condition 19

(*Further Issues*) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

The proposed financial transactions tax (FTT)

On 14th February, 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 8th March, 2023, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

SELLING RESTRICTIONS

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or, if Category 2 is specified in the applicable Pricing Supplement, to, or for the account or the benefit of U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Pricing Supplement will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable and will confirm whether the Issuer is Category 1 or Category 2 for the purposes of Regulation S under the Securities Act.

If Category 2 is specified in the applicable Pricing Supplement, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distributions at any time or (b) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Accordingly, if Category 1 is specified in the applicable Pricing Supplement, the Notes are being offered and sold only outside the United States in offshore transactions in reliance on, and in compliance with, Regulation S.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available

and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Programme Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Prohibition of sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Programme Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Republic of Korea

The Notes have not been and will not be registered under the Financial Investment Services and Capital Markets Act (the **FSCMA**). Each Dealer has represented and agreed, and each new Dealer further appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, directly or indirectly, in the Republic of Korea or to any resident (as such term is defined in the Foreign Exchange Transaction Law) of the Republic of Korea for a period of one year from the date of issuance of the Notes, except (a) to or for the account or benefit of a resident of the Republic of Korea which falls within certain categories of "professional investors" as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure, in the case that the Notes are issued as bonds other than convertible bonds, bonds with warrants or exchangeable bonds, and where other relevant requirements are further satisfied, or (b) as otherwise permitted under applicable laws and regulations in the Republic of Korea.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Programme Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Trustee and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment and update of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of the Issuer dated 24th July, 2018, 30th July, 2019, 28th July, 2020, 14th December, 2020, 21st January, 2022, 20th February, 2023 and 29th February, 2024.

Admission to trading of Notes

It is expected that each Tranche of Notes which is to be admitted to trading on the ISM will be admitted separately as and when issued, subject only to the issue of one or more Global Notes initially representing the Notes of such Tranche. Application has been made to the London Stock Exchange for such Notes to be admitted to trading on the ISM. The admission to trading of the Programme in respect of Notes is expected to be granted on or before 5th March, 2024.

Documents Available

For the period of 12 months following the date of this Programme Memorandum, copies of the following documents will, when published in accordance with the ISM Rulebook, be available for inspection from the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being in London during usual business hours on any weekday (Saturday and public holidays excepted):

- (a) the Articles of Association of the Issuer;
- (b) the 2022 Issuer Annual Report;
- (c) the 2023 Issuer Annual Report;
- (d) the most recently published audited unconsolidated annual financial statements of the Issuer and the most recently published unaudited interim unconsolidated financial statements (if any) of the Issuer, in each case together with any audit or review reports prepared in connection therewith;
- (e) the Trust Deed, the Agency Agreement, the Custody Agreement, the Management Services Agreement and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (f) a copy of this Programme Memorandum; and
- (g) any future programme memoranda, offering circulars, prospectuses, information memoranda, supplements and Pricing Supplements to this Programme Memorandum and any other documents incorporated herein or therein by reference.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer since 31st March, 2023 and there has been no material adverse change in the financial position or prospects of the Issuer since 31st March, 2023.

Litigation

The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) since the incorporation of the Issuer which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

Auditors

The auditors of the Issuer are CLA Evelyn Partners Limited (formerly known as Nexia Smith & Williamson Audit Limited), Chartered Accountants. CLA Evelyn Partners Limited has audited the Issuer's accounts for the financial years ended 31st March, 2022 and 31st March, 2023, without qualification, in accordance with UK Generally Accepted Accounting Practice. CLA Evelyn Partners Limited has no material interest in the Issuer.

The bank accounts of the Issuer are and will be held with Barclays Bank PLC, 1 Churchill Place, London E14 5HP.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may also enter into swap and derivative transactions with the Issuer and its affiliates and/or in relation to Notes issued under the Programme.

Third Party Information

In respect of the information relating to:

- (a) the rules in relation to universal credit referred to on page 20 of this Programme Memorandum in the section headed "*Risk Factors - Rental Income, Housing Benefit and Social Housing Spending*" was obtained from: <https://www.gov.uk/government/publications/universal-credit-and-rented-housing--2/universal-credit-and-rented-housing-guide-for-landlords>;
- (b) the announcement by the Government on 4th October, 2017 referred to on page 20 of this Programme Memorandum in the section headed "*Risk Factors - Rental Growth Risk*" which was obtained from: <https://www.gov.uk/government/news/2-billion-boost-for-affordable-housing-and-long-term-deal-for-social-rent>;
- (c) the announcement by the Government on 14th December, 2022 referred to on page 20 of this Programme Memorandum in the section headed "*Risk Factors - Rental Growth Risk*" which was obtained from: <https://www.gov.uk/government/consultations/social-housing-rents-consultation/outcome/social-housing-rents-government-response-to-the-consultation>;

- (d) the publication of the new Rent Standard referred to on page 20 of this Programme Memorandum in the section headed "*Risk Factors – Rental Growth Risk*" which was obtained from: <https://www.gov.uk/government/publications/rent-standard/>;
- (e) the Charter referred to on pages 21 and 79 of this Programme Memorandum in the sections headed "*Risk Factors – Rental Growth Risk*" and "*Regulation of Housing Associations – Scotland*" which was obtained from: <https://www.gov.scot/publications/scottish-social-housing-charter-november-2022/>;
- (f) the announcement by the Scottish Government on 21st December, 2022 referred to on page 21 of this Programme Memorandum in the section headed "*Risk Factors - Rental Growth Risk*" which was obtained from: <https://www.gov.scot/news/agreement-on-social-rents-for-2023-24/>;
- (g) details of the rent freeze in Scotland referred to on page 21 of this Programme Memorandum in the section headed "*Risk Factors – Rental Growth Risk*" which was obtained from: <https://www.gov.scot/news/scottish-parliament-approves-final-extension-of-tenant-protections/>;
- (h) details of the Rent and Service Charge Standard regarding rent policy in Wales referred to on pages 21 and 78 of this Programme Memorandum in the sections headed "*Risk Factors - Rental Growth Risk*" and "*Regulation of Housing Associations – Wales*" which was obtained from: <https://gov.wales/rent-and-service-charge-standard-2020-2025/>;
- (i) details of the rent increase in Wales referred to on page 22 of this Programme Memorandum in the section headed "*Risk Factors – Rental Growth Risk*" which was obtained from: <https://www.gov.wales/continued-support-tenants-rented-social-accommodations-wales/>;
- (j) the formula used by the Housing Executive to determine how much rent it should charge for each of its properties referred to on page 22 of this Programme Memorandum in the section headed "*Risk Factors - Rental Growth Risk*" which was obtained from: <https://www.nihe.gov.uk/my-housing-executive/advice-for-housing-executive-tenants/rent-scheme/>;
- (k) the *Sector Risk Profile 2023* published by the Social Housing Regulator and referred to on page 22 and page 24 of this Programme Memorandum in the sections headed "*Risk Factors - Non-payment Risks*" which was obtained from <https://www.gov.uk/government/publications/sector-risk-profile-2023/>;
- (l) details of the UK Government's "*Clean Growth Strategy*" referred to on page 23 in the section headed "*Risk Factors - Increased capital expenditure requirements*" which was obtained from: <https://www.gov.uk/government/publications/clean-growth-strategy/>;
- (m) details of the Scottish Government's aims to improve energy efficiency in social housing referred to on page 23 in the section headed "*Risk Factors - Increased capital expenditure requirements*" which was obtained from: <https://www.gov.scot/policies/home-energy-and-fuel-poverty/energy-efficiency-in-social-housing/>; and
- (n) details of the Social Housing White Paper set out on page 77 of this Programme Memorandum in the section headed "*Regulation of Housing Associations – England*" which was obtained from: <https://www.gov.uk/government/publications/the-charter-for-social-housing-residents-social-housing-white-paper/the-charter-for-social-housing-residents-social-housing-white-paper>,

the Issuer confirms that such information has been sourced from a third party, it has been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Trustee's action

The Conditions and the Trust Deed provide for the Trustee to take action on behalf of the Noteholders in certain circumstances, but only if the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction. It may not always be possible for the Trustee to take certain actions, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it. Where the Trustee is unable to take any action, the Noteholders are permitted by the Conditions and the Trust Deed to take the relevant action directly.

ISSUER

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London EC4N 8AL

ADMINISTRATOR

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London EC4N 8AL

TRUSTEE

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London EC2N 4AG

PRINCIPAL PAYING AGENT, AGENT BANK AND CUSTODIAN

The Bank of New York Mellon, London Branch
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To the Issuer as to English law

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*To the Arrangers, the Dealers and the Trustee as to
English law*

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To the Issuer

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London EC2N 4AA

DEALERS

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RBC Europe Limited
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