



RHP FINANCE PLC

(incorporated in England and Wales with limited liability under the Companies Act 2006, registered number 09331195)

£100,000,000 3.25 per cent. Secured Bonds due 2048

**(to be consolidated and form a single series with the
£175,000,000 3.25 per cent. Secured Bonds due 2048)**

Issue Price: 129.504 per cent.

**(plus 41 days' accrued interest in respect of the period from and including 5 August 2020
to but to excluding the New Bond Issue Date (as defined below) at a rate of 3.25 per cent. per
annum)**

The £100,000,000 3.25 per cent. Secured Bonds due 2048 (the **New Bonds**) are issued by RHP Finance PLC (the **Issuer**). The New Bonds have the same terms and conditions as, and will be consolidated and form a single series and rank *pari passu* with, the £175,000,000 3.25 per cent. Secured Bonds due 2048 (the **Original Bonds** and, together with the New Bonds, the **Bonds**) issued by the Issuer on 5 February 2015.

This Prospectus has been approved by the Financial Conduct Authority (the **FCA**), as competent authority under Regulation (EU) 2017/1129 (the **Prospectus Regulation**). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer, the Original Borrower (as defined below) or the quality of the Bonds that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the New Bonds.

Application has been made to the FCA for the New Bonds to be admitted to the Official List of the FCA (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for the New Bonds to be admitted to trading on the London Stock Exchange's regulated market. The London Stock Exchange's regulated market is a regulated market for the purposes of Directive 2014/65/EU (as amended or superseded, **MiFID II**).

An investment in the New Bonds involves certain risks. For a discussion of these risks see "Risk Factors".

Subject as set out below, the net proceeds from the issue of the New Bonds (other than a sum equivalent to 41 days' accrued interest (the **Retained Accrued Interest**) which will be retained by the Issuer), or in the case of £25,000,000 in nominal amount of the New Bonds (the **New Retained Bonds**) which will be immediately purchased by the Issuer on the New Bond Issue Date the net proceeds of the sale of the New Bonds to a third party, will be advanced by the Issuer to Richmond Housing Partnership Limited (the **Original Borrower**) pursuant to a bond loan agreement made between the Issuer and the Original Borrower dated 5 February 2015, as supplemented by a supplemental bond loan agreement to be dated the New Bond Issue Date (the **Supplemental RHP Loan Agreement**), (the **Original Loan Agreement**), to be applied in accordance with the Original Borrower's constitutive documents. The New RHP Commitment (as defined below) may be drawn prior to the initial Instalment Redemption Date (as defined below) in one or more drawings, each in a nominal amount up to an amount which corresponds to the sum of (i) the Minimum Value of the Existing Properties (as defined below) and (ii) the Minimum Value of any Additional Properties (as defined below) which have been charged in favour of the Security Trustee, for the benefit of the Issuer, less the nominal amount of all previous drawings in respect of the New RHP Commitment. For so long as insufficient security has been granted by the Original Borrower in favour of the Security Trustee, for the benefit of the Issuer, to permit the drawing of the New RHP Commitment in full or the Original Borrower has not otherwise drawn any part of the New RHP Commitment, the amount of the New RHP Commitment that remains undrawn shall be retained in a charged account (the **Initial Cash Security Account**) of the Issuer in accordance with the terms of the Account Agreement (and may be invested in Permitted Investments (as defined below)) (the **Retained Proceeds**). Any Retained Proceeds (and any net sale proceeds from a sale by the Issuer of Retained Bonds (less any Retained Bond Premium Amount (as defined below)) and any net issue proceeds from a further issue of Bonds pursuant to Condition 19 (*Further Issues*)) shall be advanced to the Original Borrower and/or any other charitable Registered Providers of Social Housing within the Group (each as defined below) that have either (i) acceded to the Security Trust Deed as a borrower (following the amendment and restatement thereof) or (ii) entered into a new security trust deed, on substantially the same terms as the Security Trust Deed, as a borrower (together, the **Additional Borrowers** and each an **Additional Borrower** and, together with the Original Borrower, the **Borrowers** and each a **Borrower**) at a later date pursuant to the Original Loan Agreement or an additional bond loan agreement between an Additional Borrower and the Issuer (each an **Additional Loan Agreement** and, together with the Original Loan Agreement, the **Loan Agreements** and each a **Loan Agreement**), as applicable, to the extent

that Properties of a corresponding value have been charged in favour of the Security Trustee for the benefit of the Issuer and, if applicable, subject to the sale by the Issuer of Retained Bonds and/or the issue of the Issuer of further Bonds.

Interest on the New Bonds is payable semi-annually in arrear on 5 February and 5 August in each year (each, an **Interest Payment Date**) at the rate of 3.25 per cent. per annum on their Outstanding Principal Amount (as defined below), commencing on 5 February 2021, all as described in Condition 7 (*Interest*). Payments of principal of, and interest on, the Bonds will be made without withholding or deduction on account of United Kingdom taxes unless required by law. In the event that any such withholding or deduction is so required, the Issuer may opt to gross up payments due to the Bondholders in respect thereof as described in Condition 10 (*Taxation*).

The Bonds may be redeemed at any time upon the prepayment by a Borrower of its loan (each a **Loan**) in whole or in part in accordance with the terms of its Loan Agreement at the higher of their Outstanding Principal Amount and an amount calculated by reference to the sum of (i) the yield on the relevant outstanding United Kingdom Government benchmark gilt having the nearest duration to that of the Bonds and (ii) 0.20 per cent., together with accrued interest. The Bonds will also be redeemed (a) at their Outstanding Principal Amount, plus accrued interest, in an aggregate Outstanding Principal Amount equal to the nominal amount outstanding of the relevant Loan in the event of a mandatory prepayment of a Loan following the relevant Borrower ceasing to be a Registered Provider of Social Housing (other than if such Borrower regains its status as a Registered Provider of Social Housing within 180 days) or a Loan becoming repayable as a result of a Borrower Default (as defined in each Loan Agreement) and (b) at their Outstanding Principal Amount, plus accrued interest, in full in the event of any withholding or deduction on account of United Kingdom taxes being required and the Issuer not opting to pay (or having so opted to pay having notified the Bond Trustee (as defined below) of its intention to cease to pay) additional amounts in respect of such withholding or deduction.

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their Outstanding Principal Amount in ten equal instalments on each Interest Payment Date from, and including, 5 February 2043 to, and including, 5 February 2048 (each an **Instalment Redemption Date** and the latter being, the **Maturity Date**).

The Original Borrower is rated "A+" by S&P Global Ratings Europe Limited (**S&P**). It is also expected that the New Bonds will be rated "A+" by S&P. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation.

The New Bonds will be issued in denominations of £100,000 and integral multiples of £1,000 in excess thereof.

The New Bonds will initially be represented by a temporary global bond (the **Temporary Global Bond**), without principal receipts or interest coupons, which will be deposited on or about 15 September 2020 (the **New Bond Issue Date**) with a common safekeeper for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**). Interests in the Temporary Global Bond will be exchangeable for interests in a permanent global bond (the **Permanent Global Bond** and, together with the Temporary Global Bond and the permanent global bond representing the Original Bonds, the **Global Bonds**), without principal receipts or interest coupons, on or after 25 October 2020 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Bond will be exchangeable for definitive Bonds only in certain limited circumstances. See "*Form of the New Bonds and Summary of Provisions relating to the New Bonds while in Global Form*".

Sole Bookrunner

LLOYDS BANK CORPORATE MARKETS

The date of this Prospectus is 11 September 2020.

This Prospectus comprises a prospectus for the purposes of the Prospectus Regulation.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

The Original Borrower accepts responsibility for:

- (a) the information under the heading "*Factors which may affect the Borrowers' ability to fulfil their obligations under the Loan Agreements*" in the section entitled "*Risk Factors*";
- (b) the information under the heading "*Guarantee and Indemnity*" in the sections entitled "*Overview*" and "*Description of the Loan Agreements*";
- (c) the information in the section entitled "*Description of the Group and the Original Borrower*";
- (d) its financial statements referred to in the section entitled "*Documents Incorporated by Reference*";
- (e) the information relating to the security created by it pursuant to the Legal Mortgages (as defined below) under the heading "*Underlying Security*" in the section entitled "*Overview*", under the heading "*Considerations relating to the Issuer Security and the Underlying Security*" in the section entitled "*Risk Factors*" and in the section "*Description of the Legal Mortgages and the Security Trust Deed*"; and
- (f) the information relating to it contained under the headings "*Material or Significant Change*" and "*Litigation*" in the section entitled "*General Information*",

and, to the best of its knowledge, such information is in accordance with the facts and makes no omission likely to affect the import of such information.

Savills Advisory Services Limited (the *Valuer*) accepts responsibility for the information contained in the section headed "*Valuation Report*" and, to the best of its knowledge, such information is in accordance with the facts and does not omit anything likely to affect the import of such information. With the exception of the information contained in the section headed "*Valuation Report*", the Valuer does not accept any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer or the Original Borrower in connection with the issue of the New Bonds. The Valuation Report refers to the position at the date stipulated therein (being the date of this Prospectus), and the Valuer is not obliged to take any action after the date of this Prospectus to review or to update the Valuation Report. To the extent that the Issuer has summarised or included any part of the Valuation Report in this Prospectus, such summaries or extracts should be considered in conjunction with the entire Valuation Report.

The figures referred to in the Valuation Report in the sections entitled "*Market Commentary*" and "*Valuation Approach*" were obtained from the Office for National Statistics (the *ONS*), Oxford Economics and Social Housing. The Issuer confirms that such figures have been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain from information published by the ONS, Oxford Economics and Social Housing, no facts have been omitted which would render the reproduced figures inaccurate or misleading.

This Prospectus 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

Prospectus should be read and construed on the basis that such documents are incorporated in, and form part of, this Prospectus.

Neither Lloyds Bank Corporate Markets plc (the *Sole Bookrunner*) nor Prudential Trustee Company Limited (the *Bond Trustee*) has independently verified (a) any information contained herein or (b) any matter which is the subject of any statement, representation, warranty or covenant of the Issuer or Original Borrower contained in the Bonds or any of the Transaction Documents (as defined below). Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Sole Bookrunner or the Bond Trustee as to (i) the accuracy or completeness of the information contained in, or incorporated by reference in, this Prospectus or any other information provided by the Issuer or the Original Borrower or any other person in connection with the offering of the Bonds or (ii) the execution, legality, effectiveness, genuineness, validity, enforceability or admissibility in evidence of the Bonds or any Transaction Document. Neither the Sole Bookrunner nor the Bond Trustee accepts any liability in relation to the information contained in, or incorporated by reference in, this Prospectus or any other information provided by the Issuer, the Original Borrower or any other person in connection with the issue of the New Bonds.

No person is or has been authorised by the Issuer, the Sole Bookrunner or the Bond Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the New Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Original Borrower, the Sole Bookrunner or the Bond Trustee.

To the fullest extent permitted by law, neither the Sole Bookrunner nor the Bond Trustee accepts any responsibility for the contents of this Prospectus or for any other statement made or purported to be made by it or on its behalf in connection with the Issuer, the Original Borrower or the issue and offering of the New Bonds. Each of the Sole Bookrunner and the Bond Trustee accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement.

Neither this Prospectus nor any other information supplied in connection with the offering of the New Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Original Borrower, the Sole Bookrunner or the Bond Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the New Bonds should purchase any New Bonds. Each investor contemplating purchasing any New Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Original Borrower. Neither this Prospectus nor any other information supplied in connection with the offering of the New Bonds constitutes an offer or invitation by or on behalf of the Issuer, the Original Borrower, the Sole Bookrunner or the Bond Trustee to any person to subscribe for or to purchase any New Bonds.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the New Bonds shall in any circumstances imply that the information contained herein concerning the Issuer or the Original Borrower is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the New Bonds is correct as of any time subsequent to the date indicated in the document containing the same. The Sole Bookrunner and the Bond Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or the Borrowers during the life of the Bonds or to advise any investor in the New Bonds of any information coming to their attention.

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

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the *Securities Act*) and are subject to U.S. tax law requirements. Subject to certain exceptions, the New Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "*Subscription and Sale*").

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any New Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of New Bonds may be restricted by law in certain jurisdictions. The Issuer, the Original Borrower, the Sole Bookrunner and the Bond Trustee do not represent that this Prospectus may be lawfully distributed, or that any New Bonds may be lawfully offered or sold, 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 Original Borrower, the Sole Bookrunner or the Bond Trustee which is intended to permit a public offering of any New Bonds or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no New Bonds may be offered or sold, directly or indirectly, and neither this Prospectus 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 Prospectus or any New Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of New Bonds. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of New Bonds in the United States and the United Kingdom and a prohibition on the sale of any Bonds to EEA or UK retail investors (see "*Subscription and Sale*").

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Unless otherwise indicated, the financial information in this Prospectus has been derived from the Financial Statements (as defined below).

The Issuer's and the Original Borrower's financial year ends on 31 March, and references in this Prospectus to any specific year are to the 12-month period ended on 31 March of such year. The Financial Statements of the Issuer have been prepared in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (*UK GAAP*). The Financial Statements of the Original Borrower have been prepared and audited in accordance with UK GAAP, including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, the Statement of Recommended Practice for registered social housing providers 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019 (together, the *Original Borrower Accounting Standards*).

Certain Defined Terms and Conventions

Capitalised terms which are used but not otherwise defined in any particular section of this Prospectus will have the meanings attributed to them in the section headed "*Terms and*

Conditions of the New Bonds" or any other section of this Prospectus. In addition, all references in this Prospectus to *Sterling* and £ refer to pounds sterling and all references to a *billion* refer to a thousand million.

Certain figures and percentages included in this Prospectus have been subject to rounding adjustments.

SUITABILITY OF INVESTMENT

The New Bonds may not be a suitable investment for all investors. Each potential investor in the New Bonds 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:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the New Bonds, the merits and risks of investing in the New Bonds and the information contained in this Prospectus;**
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the New Bonds and the impact the New Bonds will have on its overall investment portfolio;**
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the New Bonds including where the currency for principal and interest payments is different from the potential investor's currency;**
- (d) understands thoroughly the terms of the New Bonds and is familiar with the behaviour of financial markets; and**
- (e) 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.**

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

IN CONNECTION WITH THE ISSUE OF THE NEW BONDS, LLOYDS BANK CORPORATE MARKETS PLC AS STABILISATION MANAGER (THE STABILISATION MANAGER) (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER-ALLOT NEW BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS 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 NEW BONDS 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 NEW BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NEW BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the New Bonds has led to the conclusion that: (a) the target market of the New Bonds is eligible counterparties and professional clients only, each as defined in MiFID II; and (b) all channels for the distribution of the New Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a *distributor*) should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The New Bonds 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 (the *EEA*) or in the United Kingdom (the *UK*). For these purposes, a *retail investor* means a person who is one (or both) 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 *PRIPs Regulation*) for offering or selling the New Bonds or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the New Bonds or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIPs Regulation.

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OVERVIEW

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus.

This overview must be read as an introduction to this Prospectus and any decision to invest in the New Bonds should be based on a consideration of this Prospectus as a whole.

Words and expressions defined in "Form of the New Bonds and Summary of Provisions relating to the New Bonds while in Global Form", "Terms and Conditions of the New Bonds" and "Description of the Loan Agreements" shall have the same meanings in this overview.

Issuer:	RHP Finance PLC Legal Entity Identifier (LEI): 213800O1G1AGJVTHWK17
Description of the New Bonds:	<p>£100,000,000 3.25 per cent. Secured Bonds due 2048 (the New Bonds), to be issued by the Issuer on 15 September 2020 (the New Bond Issue Date). The New Bonds will be consolidated and form a single series with the £175,000,000 3.25 per cent. Secured Bonds due 2048 of the Issuer on issued 5 February 2015.</p> <p>£25,000,000 in nominal amount of the New Bonds will be immediately purchased by or on behalf of the Issuer on the New Bond Issue Date (the New Retained Bonds).</p>
Status of the New Bonds:	The New Bonds will constitute direct, secured, unsubordinated obligations of the Issuer and will rank <i>pari passu</i> among themselves and with the Original Bonds.
Use of Proceeds:	<p>The net proceeds of the issue of the New Bonds (other than the Retained Accrued Interest (as defined below)) or, in the case of the New Retained Bonds, the net proceeds of the sale of the New Retained Bonds to a third party (after deduction of expenses payable by the Issuer), will be on-lent by the Issuer to the Original Borrower or (to the extent that the Original Borrower has reduced the New RHP Commitment) to an Additional Borrower.</p> <p>Subject as described in "Initial Cash Security Account" below, the Issuer will lend such proceeds to the Original Borrower and/or one or more Additional Borrowers pursuant to the relevant Loan Agreement, to be applied in accordance with the constitutive documents of the Original Borrower or such Additional Borrower, as the case may be.</p> <p>The Issuer may from time to time invest the funds held in the Initial Cash Security Account and the Disposal Proceeds Account in Permitted Investments (each as defined below) until such time as such funds are on-lent, or returned, to a Borrower pursuant to the relevant Loan Agreement.</p>
Issue Price:	129.504 per cent. (plus 41 days' accrued interest in respect of the period from, and including, 5 August 2020 to, but excluding, the

New Bond Issue Date at a rate of 3.25 per cent. per annum (such accrued interest, the **Retained Accrued Interest**)

Form of New Bonds: The New Bonds will be issued in bearer form as described in "*Form of the New Bonds and Summary of Provisions relating to the New Bonds while in Global Form*".

Interest: The New Bonds will bear interest on their Outstanding Principal Amount at a fixed rate of 3.25 per cent. per annum payable semi-annually in arrear on 5 February and 5 August of each year, from (and including) 5 August 2020 to (but excluding) 5 February 2048 (the **Maturity Date**), subject to adjustment in accordance with Condition 8.5 (*Payment Day*) (each, an **Interest Payment Date**).

Instalment Redemption: Unless previously redeemed or purchased and cancelled in accordance with Condition 9 (*Redemption and Purchase*), the Bonds will be redeemed in ten equal instalments on each Interest Payment Date from, and including, 5 August 2043 to, and including, the Maturity Date (each an **Instalment Redemption Date**).

Early Redemption: Subject as described in "*Mandatory Early Redemption*" below, the Bonds may be redeemed in whole or in part at any time prior to the Maturity Date upon the optional prepayment by a Borrower of its Loan in accordance with the terms of the relevant Loan Agreement at the higher of their Outstanding Principal Amount and an amount calculated by reference to the sum of:

- (a) the yield on the relevant outstanding UK Government benchmark conventional gilt having the nearest duration to that of the Bonds; and
- (b) 0.20 per cent.,

together with accrued interest.

Early Redemption for Tax Reasons: The Issuer shall redeem the Bonds in whole, but not in part, at their Outstanding Principal Amount, together with any interest accrued, if, as a result of any actual or proposed change in tax law, the Issuer determines that it would be required to make a withholding or deduction on account of tax in respect of payments to be made by it in respect of the Bonds and the Issuer does not opt to pay additional amounts pursuant to Condition 10.2 (*No obligation to pay additional amounts*) or, having so opted, notifies the Bond Trustee of its intention to cease paying such additional amounts.

Mandatory Early Redemption: The Bonds shall be redeemed at their Outstanding Principal Amount, plus accrued interest, in an aggregate Outstanding Principal Amount equal to the nominal amount of the relevant Loan upon the mandatory prepayment of a Loan following the relevant Borrower ceasing to be a Registered Provider of Social

Housing (other than if such Borrower regains its status as a Registered Provider of Social Housing within 180 days).

In addition, if a Loan becomes repayable as a result of a Borrower Default the Bonds shall be redeemed at their Outstanding Principal Amount, plus accrued interest, in an aggregate Outstanding Principal Amount equal to the nominal amount of the relevant Loan.

A Borrower Default includes non-payment, breach of other obligations, cross-acceleration, winding-up, cessation of business, insolvency, unlawfulness and breach of the asset cover ratio, in each case as set out in Clause 14 (*Borrower Default*) of the Original Loan Agreement (or as will be set out in the corresponding clause of each Additional Loan Agreement) and described further in "Description of the Loan Agreements".

Purchase:

On 17 September 2019 the Issuer agreed a forward sale of all of the Original Retained Bonds directly with a purchaser thereof, the settlement date for which will be 17 September 2020.

The New Retained Bonds will be immediately purchased by the Issuer on the New Bond Issue Date.

The Issuer and any Borrower or any other member of the Group may also purchase Bonds at any time in the open market or otherwise at any price.

Any Bonds so purchased by a Borrower or another member of the Group may be surrendered to the Issuer for cancellation in consideration for an amount equal to the Outstanding Principal Amount of the Bonds being surrendered being deemed to be prepaid under the Loan Agreement specified by such Borrower or such other member of the Group or, to the extent that the relevant Loan is not then outstanding, an amount of the Undrawn Commitment (as defined below) in respect of such Loan Agreement equal to the Outstanding Balance of the Bonds surrendered being deemed to be cancelled.

Retained Bonds:

Pursuant to the terms of the Retained Bond Custody Agreement, the Retained Bond Custodian will hold the Retained Bonds on the Issuer's behalf (see "*Account Agreement, Custody Agreement and Retained Bond Custody Agreement*" below), and the Issuer has instructed the Retained Bond Custodian to waive its rights to receive payments (of interest, principal or otherwise) on the Retained Bonds for so long as the Retained Bonds are held on the Issuer's behalf. Such waiver may not be revoked without the consent of the Bond Trustee.

Pursuant to the Bond Trust Deed, the Issuer has covenanted with the Bond Trustee that it will, immediately prior to a sale of any Retained Bonds by the Issuer, deliver to the Bond Trustee a certificate in writing signed by two directors of the Issuer

addressed to the Bond Trustee confirming that, immediately following the sale of such Retained Bonds, the Borrowers will be in compliance with the Asset Cover Test. For the purpose of giving such confirmation, the Issuer will require the Borrowers to deliver a Retained Bond Compliance Certificate pursuant to their respective Loan Agreement, as described further in "*Description of the Loan Agreements*".

Events of Default:

Following an Event of Default, the Bond Trustee may, and if so requested by the holders of at least one-fourth in Outstanding Principal Amount of the Bonds then outstanding shall (subject to it being secured and/or indemnified and/or pre-funded to its satisfaction and, upon certain events, the Bond Trustee having certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Bondholders), give notice to the Issuer and the Bonds 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 Bonds, failure of the Issuer to perform or observe any of its other obligations under the Conditions and the Bond Trust Deed, insolvency, unlawfulness and acceleration, or non-payment, in respect of other indebtedness in an aggregate amount equal to or in excess of £10,000,000 (or its equivalent).

Upon the Bonds becoming repayable prior to the Maturity Date (other than as a result of a prepayment or termination of a Loan Agreement), each Borrower is required to prepay its Loan in full together with accrued interest and commitment fee to and including the date of redemption. Each Borrower is also required to pay to the Issuer, within three Business Days of demand, its pro rata share of the Issuer's reasonable costs, expenses and liabilities throughout the life of the Bonds.

Issuer Security:

The Issuer's obligations in respect of the Bonds are secured pursuant to the Bond Trust Deed in favour of the Bond Trustee for the benefit of itself and the Bondholders and the other Secured Parties by the following (the **Issuer Security**):

- (a) an assignment by way of security of the Issuer's rights, title and interest arising under the Loan Agreements, the Security Trust Deed, the Legal Mortgages, the Agency Agreement, the Account Agreement and the Custody Agreement, in each case to the extent they relate to the Bonds;
- (b) a charge by way of first fixed charge over all moneys and/or securities from time to time standing to the credit of the Transaction Account, the Disposal Proceeds Account, the Initial Cash Security Account and the Custody Account and all debts represented thereby; and

- (c) a charge by way of first fixed charge over all sums held from time to time by the Paying Agents for the payment of principal or interest in respect of the Bonds.

Initial Cash Security Account: For so long as insufficient security has been granted by the Borrowers in favour of the Issuer to permit the drawing of the New RHP Commitment in full or the Original Borrower has not otherwise drawn any part of the New RHP Commitment, the amount of the New RHP Commitment that remains undrawn shall be retained in a charged account (the **Initial Cash Security Account**) of the Issuer, and may be invested in Permitted Investments, in accordance with the terms of the Account Agreement and the Custody Agreement (the **Retained Proceeds**).

Any Retained Proceeds shall be advanced to one or more Borrowers at a later date pursuant to the relevant Loan Agreement(s) to the extent that Properties of a corresponding value have been charged in favour of the Issuer and, if applicable, subject to the sale by the Issuer of the New Retained Bonds.

Funds standing to the credit of the Initial Cash Security Account may: (a) be held on deposit, in which case they shall accrue interest daily at a rate of overnight LIBOR less 0.25 per cent. pursuant to the Account Agreement or (b) be invested in Permitted Investments in accordance with the Custody Agreement. See "*Permitted Investments*" below.

Pursuant to the Loan Agreements, each Borrower shall pay to the Issuer a commitment fee in respect of its Undrawn Commitment on each Loan Payment Date in an amount equal to its *pro rata* share of (a) the aggregate of the interest payable by the Issuer under the Bonds on the following Interest Payment Date less (b) the aggregate amount of interest received from the Borrowers under the Loan Agreements on such Loan Payment Date and the interest otherwise received by the Issuer in respect of the Retained Proceeds during that period (including, but not limited to, any income received in respect of any Permitted Investments in which any Retained Proceeds are, for the time being, invested).

See "*Description of the Loan Agreements*" below.

Disposal Proceeds Account: Pursuant to the Loan Agreements, each Borrower is (or will be) required to procure that the specified asset cover ratio is maintained (see "*Description of the Loan Agreements*" below). In the event that the value of any Charged Property is insufficient to maintain the specified asset cover ratio, the Borrowers may deposit moneys into the Disposal Proceeds Account. Such moneys will be charged in favour of the Bond Trustee pursuant to the terms of the Bond Trust Deed.

Funds standing to the credit of the Disposal Proceeds Account may: (a) be held on deposit, in which case they shall accrue

interest daily at a rate of overnight LIBOR less 0.25 per cent. pursuant to the Account Agreement or (b) be invested in Permitted Investments in accordance with the Custody Agreement. See "*Permitted Investments*" below.

Moneys standing to the credit of the Disposal Proceeds Account may be withdrawn (a) to be applied in the acquisition of Property to be charged in favour of the Security Trustee for the benefit of the Issuer or (b) to the extent that the specified asset cover ratio would not be breached immediately after such withdrawal.

Permitted Investments:

Permitted Investments shall consist of:

- (a) triple-A rated off-shore money market funds;
- (b) direct obligations of the United Kingdom or of any agency or instrumentality of the United Kingdom which are guaranteed by the United Kingdom;
- (c) demand and time deposits in, certificates of deposit of and bankers' acceptances issued by any depository institution or trust company with a maturity of no more than 360 days subject to, *inter alia*, such debt obligation having a long term debt credit rating of not less than "AA" from S&P and "Aa2" from Moody's Investors Service Limited (**Moody's**) or a short term debt or issuer (as applicable) credit rating of not less than "A-1" from S&P and "P-1" from Moody's (or, in each case, any other equivalent rating given by a credit rating agency registered under the CRA Regulation (an **Equivalent Rating**));
- (d) securities bearing interest or sold at a discount to the face amount thereof issued by any corporation having a long term credit rating of not less than "AA" from S&P and "Aa2" from Moody's (or an Equivalent Rating); and
- (e) commercial paper or other short-term obligations which, *inter alia*, have a short term credit rating of not less than "A-1" from S&P and "P-1" from Moody's (or an Equivalent Rating),

provided that, in the case of (b) to (e) above, such investment shall be an investment which is an obligation of the United Kingdom or a company incorporated in the United Kingdom, and (i) in all cases, such investment shall be an investment which is denominated in Sterling and (ii) in all cases other than where the Permitted Investment is the Benchmark Gilt (as defined in Condition 9.2 (*Early Redemption*)), such investment shall have a maturity which is not later than 5 February 2048.

In the event that any Permitted Investments are sold to fund a drawing by a Borrower pursuant to a Loan Agreement and such

sale results in a loss realised by the Issuer, such drawing to be made by the Issuer to such Borrower pursuant to such Loan Agreement shall be advanced at a discount in an amount equal to the Actual Advance Amount (as defined in each Loan Agreement).

In the event that any Permitted Investments are sold to fund an advance to a Borrower pursuant to a Loan Agreement and such sale results in a gain realised by the Issuer (such gain, the **Permitted Investment Profit**), the Issuer shall advance monies to such Borrower in an amount equal to the Actual Advance Amount and shall make a gift aid payment to a charitable member of the Group which is connected with the Original Borrower for the purposes of section 939G of the Corporation Tax Act 2010 (a **Charitable Group Member**) in an amount equal to the Permitted Investment Profit.

Immediately prior to the end of each accounting period, to the extent that the Issuer would otherwise be required to recognise a profit for tax purposes in respect of its Permitted Investments and/or Retained Bonds as a result of the movement in the fair value recognised in its accounts of such Permitted Investments and/or Retained Bonds for that accounting period, the Issuer shall sell Permitted Investments in an aggregate amount equal to the Accounting Profit (as defined in the Loan Agreements) and shall, in the same accounting period or such later period permitted under section 199 of the Corporation Tax Act 2010, make a gift aid payment to any Charitable Group Member in an amount equal to the Accounting Profit.

See "Description of the Loan Agreements – Facility".

Account Agreement, Custody Agreement and Retained Bond Custody Agreement:

The Issuer has appointed Citibank, N.A., London Branch as its Account Bank pursuant to the Account Agreement, its Custodian pursuant to the Custody Agreement and its Retained Bond Custodian in respect of the Retained Bonds pursuant to the Retained Bond Custody Agreement.

Pursuant to the Account Agreement, the Account Bank maintains three accounts for the Issuer in respect of the Bonds: the Transaction Account, the Initial Cash Security Account and the Disposal Proceeds Account. Pursuant to the Account Agreement and the Bond Trust Deed, the Issuer has entered into certain covenants in respect of the monies which may be credited to and debited from each Account.

Pursuant to the Custody Agreement, the Custodian maintains the Custody Account (consisting of the Disposal Proceeds Custody Sub-Account, the Initial Cash Security Custody Sub-Account, the Disposal Proceeds Cash Sub-Account and the Initial Cash Security Cash Sub-Account). The Issuer has authorised the Custodian to make payments and delivery out of the Custody

Account only for the purpose of any acquisition or sale of Permitted Investments or as set out therein.

Pursuant to the Retained Bond Custody Agreement, the Retained Bond Custodian maintains the Retained Bond Custody Account (consisting of the Retained Bond Custody Sub-Account and the Retained Bond Cash Sub-Account). The Retained Bond Custodian has agreed not to effect a transfer of any Retained Bonds except with the prior written consent of the Bond Trustee, and the Issuer has authorised the Retained Bond Custodian to make other payments and delivery out of the Retained Bond Custody Account only as set out therein.

See "*Description of the Account Agreement, the Custody Agreement and the Retained Bond Custody Agreement*" below.

Guarantee and Indemnity:

Pursuant to the Loan Agreements, the Original Borrower has (and each Additional Borrower will have) irrevocably and unconditionally:

- (a) guaranteed to the Issuer the punctual performance by each other Borrower of all such Borrowers' obligations under, *inter alia*, their respective Loan Agreements, the Security Trust Deed and their respective Legal Mortgages, other than each other Borrowers' obligations to repay principal and any prepayment premium thereon pursuant to their respective Loan Agreements (such amounts being, the **Guaranteed Interest and Fee Amounts**);
- (b) undertaken with the Issuer that, whenever any other Borrower does not pay any Guaranteed Interest and Fee Amounts when due under its respective Loan Agreement, the Security Trust Deed or its respective Legal Mortgage(s), it must, immediately on demand by the Security Trustee and/or the Issuer, pay the Guaranteed Interest and Fee Amounts as if it were the principal obligor;
- (c) undertaken with the Issuer that, to the extent that the proceeds of the enforcement of the Underlying Security are insufficient to satisfy the Borrowers' obligations under their respective Loan Agreements in full (shortfall being, the **Guaranteed Principal Amount**), it must, immediately on demand by the Security Trustee and/or the Issuer, pay the Guaranteed Principal Amount as if it were the principal obligor; and
- (d) agreed to indemnify the Issuer immediately on demand against any loss or liability suffered by the Issuer if any obligation guaranteed by it is or becomes illegal or invalid.

Underlying Security:

Pursuant to the Legal Mortgages and the Security Trust Deed, the Original Borrower has (and each of the other Borrowers will have, if agreed with the Issuer and, in the case of the Borrowers other than the Original Borrower, upon such entities becoming Borrowers in accordance with the terms of the Security Trust Deed) created the following security in favour of the Security Trustee for the benefit of itself and, *inter alios*, the Issuer:

- (a) first fixed legal mortgages over the Mortgaged Property (as defined in each Legal Mortgage) of the relevant Borrower; and
- (b) first fixed charges over, *inter alia*, all plant and machinery of the relevant Borrower which form part of or are operated on the Mortgaged Property and the benefit of the Insurances (as defined in each Legal Mortgage) and all present and future licences, consents and authorisations in respect thereof, and has covenanted (or will covenant) to assign to the Security Trustee for the benefit of itself and, *inter alios*, the Issuer, all of its rights, title and interest in and to certain agreements and covenants held by the relevant Borrower as more particularly described in the Legal Mortgage, together, the Underlying Security.

The Issuer has secured its rights, title and interest in respect of the Underlying Security in favour of the Bond Trustee pursuant to the Bond Trust Deed.

See "*Description of the Legal Mortgages and the Security Trust Deed*" below.

Addition, substitution and release of Charged Properties:

Pursuant to the Security Trust Deed, on or prior to entering into a Legal Mortgage in respect of any Property for the benefit of the Issuer, the relevant Borrower must, in respect of such security, provide the conditions precedent documents specified therein.

In addition, pursuant to the Loan Agreements, the Borrowers must provide a completed Additional Property Certificate confirming that, *inter alia*, the proposed Additional Properties are residential properties of a type and nature that are usually owned by Registered Providers of Social Housing; Valuation Reports in respect of each Additional Property; and a Certificate of Title in respect of each tranche of Additional Properties charged.

At the request and expense of a Borrower, the Security Trustee shall (subject to receiving an amended Designated Properties Schedule from the Borrowers and the Issuer in accordance with the Security Trust Deed) release from the relevant Security Documents (and/or reallocate, if applicable) such of the Properties forming part of the Issuer's Designated Security and substitute such of the Properties as may be selected by such Borrower, provided that the relevant Borrower satisfies the

conditions precedent specified in its respective Loan Agreement in relation to the Substitute Properties. Such conditions precedent include, *inter alia*, a completed Substitute Property Certificate certifying, *inter alia*, that the relevant Substitute Property is a residential property of a type and nature that is usually owned by Registered Providers of Social Housing and that, immediately following such release (and/or reallocation, if applicable) and substitution, the Asset Cover Test will not be breached as a result of the substitution of the relevant Charged Properties and that no Event of Default or Potential Event of Default has occurred and is continuing; Valuation Reports in respect of each Substitute Property; and a Certificate of Title in respect of the Substitute Properties.

At the request and expense of a Borrower, the Security Trustee shall release (subject to receiving an amended Designated Properties Schedule from the Borrowers and the Issuer in accordance with the Security Trust Deed) from the relevant Security Documents (and/or reallocate, if applicable) such Charged Properties as may be selected by such Borrower provided that such Borrower delivers to the Issuer and the Security Trustee a completed Property Release Certificate, certifying that, immediately following such release (and/or reallocation, if applicable), the Asset Cover Test will not be breached as a result of the release (and/or reallocation, if applicable) of such part of the security and that no Event of Default or Potential Event of Default has occurred and is continuing.

Notwithstanding the above, where any disposal is a Statutory Disposal, a Borrower shall have the right to withdraw such Property from the Issuer's Designated Security. In such circumstances such Borrower is obliged to deliver, as soon as reasonably practicable after it has received notice of such Statutory Disposal, a completed Statutory Disposal Certificate to the Issuer and the Security Trustee confirming that the relevant withdrawal relates to a Statutory Disposal and, if the Statutory Disposal would result in a breach of the Asset Cover Test, confirming that it shall procure that additional Properties are charged pursuant to the Security Trust Deed and/or moneys are deposited into the Disposal Proceeds Account, in accordance with the Loan Agreements, such that any breach of the Asset Cover Test will be cured.

Enforcement of the Underlying Security and the Issuer Security:

Following a Borrower Default, the Issuer may declare the Underlying Security immediately enforceable and/or declare the relevant Loan immediately repayable. Pursuant to the Security Trust Deed, the Security Trustee shall only be required to take action to enforce or protect the security in respect of the Loan Agreements if so instructed by the Issuer (and may in its discretion elect not to act pending receipt of an indemnity and/or security to its reasonable satisfaction from the Issuer).

The Issuer has assigned its rights under, *inter alia*, the Legal Mortgages and the Security Trust Deed, and, pursuant to Condition 6.3, has covenanted not to take any action or direct the Security Trustee to take any action pursuant thereto except with the prior consent of the Bond Trustee. The Bond Trustee may, but is not obliged to, seek the consent of the Bondholders in accordance with the Bond Trust Deed prior to giving any such consent.

In enforcing the Issuer Security (including the Issuer's rights, title and interests in the Legal Mortgages and the Security Trust Deed insofar as they relate to the Bonds) the Bond Trustee may act in its discretion. It is, however, required to take action, pursuant to Condition 12.2, where so directed by the requisite majority of the Bondholders provided, however, that it is secured and/or indemnified and/or pre-funded to its satisfaction.

See "*Description of the Legal Mortgages and the Security Trust Deed*" below.

Priorities of Payments:

Prior to the enforcement of the Issuer Security, the Issuer shall apply the monies standing to the credit of the Transaction Account on each Interest Payment Date and such other dates on which a payment is due in respect of the Bonds in the following order of priority (the **Pre-enforcement Priority of Payment**):

- (a) first, in payment of any taxes due and owing by the Issuer to any taxing authority (insofar as they relate to the Bonds);
- (b) second, in payment of any unpaid fees, costs, charges, expenses and liabilities incurred by the Bond Trustee and any Appointee (including remuneration payable to the Bond Trustee and any such Appointee) in carrying out its functions under the Bond Trust Deed;
- (c) third, in payment of any unpaid fees, costs, charges, expenses and liabilities of the Issuer owing to the Paying Agents under the Agency Agreement, the Account Bank under the Account Agreement, the Custodian under the Custody Agreement and the Retained Bond Custodian under the Retained Bond Custody Agreement on a *pro rata* and *pari passu* basis;
- (d) fourth, in payment of any other unpaid fees, expenses and liabilities of the Issuer (in so far as they relate to the Bonds) on a *pro rata* and *pari passu* basis;
- (e) fifth, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any interest due and payable in respect of the Bonds;

- (f) sixth, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any principal due and payable in respect of the Bonds;
- (g) seventh, on a *pro rata* and *pari passu* basis, in payment to the Borrowers of any amounts due and payable under the terms of the Loan Agreements; and
- (h) eighth, in payment of any Permitted Investment Profit, Accounting Profit or Retained Bond Premium Amount, as the case may be, to any Charitable Group Member.

Following the enforcement of the Issuer Security, all monies standing to the credit of the Transaction Account, the Disposal Proceeds Account and the Initial Cash Security Account and the net proceeds of enforcement of the Issuer Security shall be applied in the following order of priority (the **Post-enforcement Priority of Payment**):

- (a) first, in payment of any unpaid fees, costs, charges, expenses and liabilities incurred by the Bond Trustee, any Appointee or any receiver in preparing and executing the trusts under the Bond Trust Deed (including the costs of realising any Issuer Security and the Bond Trustee's, any such Appointee's and any such receiver's remuneration);
- (b) second, in payment of all amounts owing to the Paying Agents under the Agency Agreement, the Account Bank under the Account Agreement, the Custodian under the Custody Agreement and the Retained Bond Custodian under the Retained Bond Custody Agreement on a *pro rata* and *pari passu* basis;
- (c) third, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any interest due and payable in respect of the Bonds;
- (d) fourth, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any principal due and payable in respect of the Bonds;
- (e) fifth, in payment of any other unpaid fees and expenses of the Issuer (insofar as they relate to the Bonds) on a *pro rata* and *pari passu* basis;
- (f) sixth, on a *pro rata* and *pari passu* basis, in payment to the Borrowers of any amounts due and payable under the terms of the Loan Agreements; and
- (g) seventh, in payment of any Permitted Investment Profit, Accounting Profit or Retained Bond Premium Amount, as the case may be, to any Charitable Group Member.

Covenants:

Pursuant to Condition 6 (*Covenants*), the Issuer has covenanted not to engage in any activity or do anything other than carry out the business of a company which has as its purpose raising finance and on-lending such finance to or for the benefit of members of the Group or perform any act incidental to or necessary in connection with the aforesaid, without the consent of the Bond Trustee.

The Issuer has also covenanted to deliver to the Bond Trustee and, upon request by a Bondholder to the Issuer, to make available to any of the Bondholders, a copy of the Compliance Certificates received from the Borrowers pursuant to the terms of the Loan Agreements and a copy of the consolidated annual reports of the Group Parent following publication of the same. In addition to the rights of Bondholders to convene a meeting pursuant to Condition 17 (*Meetings of Bondholders, Modification and Waiver*), at the request of the requisite majority of the Bondholders, the Issuer shall hold a meeting of the Bondholders to discuss the financial position of the Issuer and the Group, provided that the Issuer shall not be required to hold any such meeting more than once in any calendar year.

In addition, the Issuer has covenanted that, for so long as any of the Bonds remain outstanding, it shall not consent to any waiver, amendment or modification of, or take any action or direct the Security Trustee to take any action pursuant to, the Loan Agreements, the Legal Mortgages or the Security Trust Deed except with the prior consent of the Bond Trustee. The Bond Trustee may seek the consent of the Bondholders in accordance with the Bond Trust Deed prior to giving any such consent.

Taxation:

All payments in respect of the Bonds will be made without withholding or deduction for or on account of any taxes unless a tax deduction is required by law. In the event that any such withholding or deduction is required, the Issuer may at its option, but will not be obliged to, pay to Bondholders such additional amounts as may be necessary in order that the net amounts received by the Bondholders after such withholding or deduction will equal the amounts of principal and interest which would have been received in respect of the Bonds in the absence of such withholding or deduction. In the event that the Issuer does not opt to pay, or opts to pay and thereafter notifies the Bond Trustee and the Bondholders of its intention to cease paying, such additional amounts the Bonds shall be redeemed at their Outstanding Principal Amount, together with any accrued interest, in accordance with Condition 9.3 (*Early Redemption for Tax Reasons*).

Meetings of Bondholders:

The Terms and Conditions of the Bonds and the Bond Trust Deed contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including

Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

Risk Factors: There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Bonds. 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 its obligations under the Bonds, its Loan Agreement and/or its Legal Mortgage(s), respectively, factors which are material for the purpose of assessing the market risks associated with the Bonds, risks relating to the security for the Bonds and risks relating to the market generally.

See "*Risk Factors*" below.

Rating: The Original Borrower is rated "A+" by S&P. It is expected that the New Bonds will be rated "A+" by S&P. S&P is established in the European Union and is registered under the CRA Regulation. As such, S&P is included in the list of credit rating agencies published by the ESMA on its website in accordance with the CRA Regulation.

Listing and admission to trading: Application has been made to the FCA for the New Bonds to be admitted to the Official List and to the London Stock Exchange for the New Bonds to be admitted to trading on the London Stock Exchange's regulated market.

Sole Bookrunner: Lloyds Bank Corporate Markets plc

Principal Paying Agent: Citibank, N.A., London Branch

Account Bank: Citibank, N.A., London Branch

Custodian: Citibank, N.A., London Branch

Retained Bond Custodian: Citibank, N.A., London Branch

Bond Trustee: Prudential Trustee Company Limited

Security Trustee: Prudential Trustee Company Limited

Original Borrower: Richmond Housing Partnership Limited

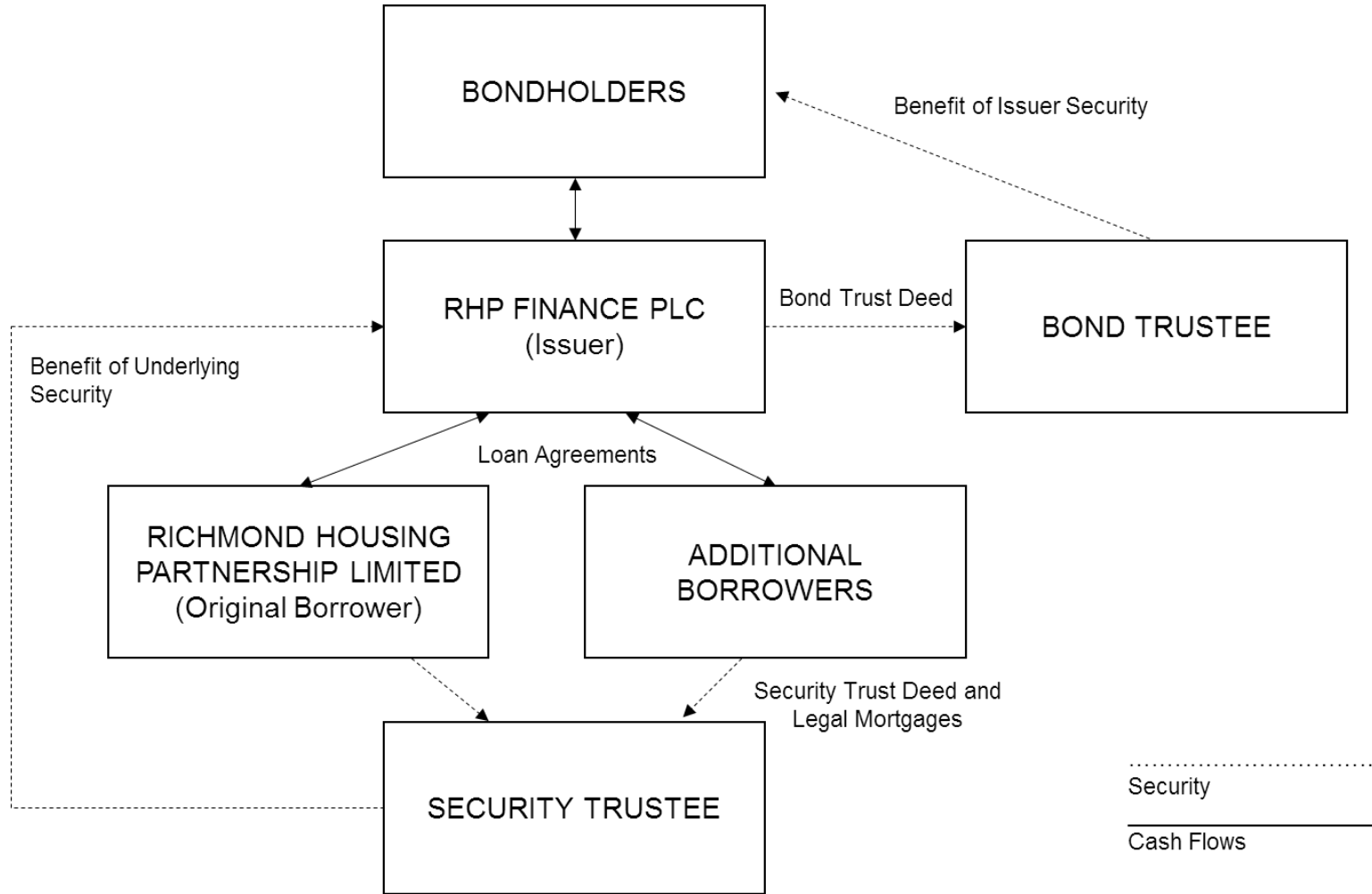
Borrowers: The Original Borrower and any other member of the Group that has charitable status, is a Registered Provider of Social Housing and has either (i) acceded to the Security Trust Deed (following the amendment and restatement thereof) or (ii) entered into a new security trust deed, on substantially the same terms as the Security Trust Deed, as an Additional Borrower.

Selling Restrictions: There are restrictions on the offer, sale and transfer of the New Bonds in the United States and the United Kingdom and a prohibition on the sale of any Bonds to EEA and UK retail investors, see "*Subscription and Sale*".

MiFID II Product Governance: Solely for the purposes of the manufacturer's product approval processes, the manufacturer has concluded that: (a) the target market for the Bonds is eligible counterparties and professional clients only; and (b) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate.

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

STRUCTURE DIAGRAM OF TRANSACTION



RISK FACTORS

The Issuer believes that the following factors (which include factors which may affect the ability of the Borrowers to fulfil their obligations under the Loan Agreements) may affect its ability to fulfil its obligations under the Bonds.

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

The Issuer believes that the factors described below represent the principal risks inherent in investing in the New Bonds, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. This section is not intended to be exhaustive and prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision. If any of the following risks actually materialise, the Issuer's and/or the Borrowers' business, results of operations, financial condition and/or prospects could be materially and adversely affected. No assurance can be given that prospective Bondholders will receive full and/or timely payment of interest and principal or ultimate recovery in relation to the Bonds.

Factors which may affect the Issuer's ability to fulfil its obligations under the Bonds

Special Purpose Vehicle Issuer: The Issuer is a special purpose finance entity with no business operations other than the incurrence of financial indebtedness, including the issuance of the Bonds and on-lending the proceeds thereof to the Borrowers. As such the Issuer is entirely dependent upon receipt of funds received from the Borrowers in order to fulfil its obligations under the Bonds.

Credit Risk: The Issuer, and therefore payments by the Issuer in respect of the Bonds, will be subject to the credit risk of the Borrowers. The Issuer will be subject to the risk of delays in the receipt, or risk of defaults in the making, of payments due from the Borrowers in respect of the Loan Agreements. Delays in the receipt of payments due from the Borrowers under the Loan Agreements could adversely affect the ability of the Issuer to fulfil its payment obligations under the Bonds. For a discussion of the factors which may affect the Borrowers' ability to fulfil their obligations under the Loan Agreements, please see "*Factors which may affect the Borrowers' ability to fulfil their obligations under the Loan Agreements*" below.

Effect of Losses on Loan on Interest Payments and Repayments on the Bonds: There can be no assurance that the levels or timeliness of payments of collections received in respect of the Loans will be adequate to ensure fulfilment of the Issuer's obligations in respect of the Bonds on each Interest Payment Date or any Instalment Redemption Date (including the Maturity Date). In addition, a default under a Loan Agreement could ultimately result in the enforcement of the Underlying Security. The proceeds of any such enforcement may be insufficient to cover the full amount due from the Borrowers resulting in a shortfall in funds available to repay the Bonds.

Factors which may affect the Borrowers' ability to fulfil their obligations under the Loan Agreements

A. Risks relating to the Borrowers' Financial Situation

Disruption due to outbreak of coronavirus (COVID-19): The outbreak, or threatened outbreak, of any severe communicable disease such as COVID-19 (commonly referred to as coronavirus) and regulators' or market fears about the same, may adversely affect the business of the Borrowers. At the date of this Prospectus the Original Borrower is continuing to monitor the full extent of the outbreak, or the impact,

if any, on its operations but has taken, and continues to take, preparations and precautions to address the potential impact of the disease on its workforce, residents and tenants, and will continuously monitor the situation to ensure those preparations and precautions are regularly updated as necessary having regard to national scientific and health advice.

The Original Borrower has three key themes in its response to COVID-19: keeping its customers and employees safe, maintaining service for customers and keeping finances safe.

The Borrowers' profits may decline during any such outbreak and recovery period. Potential causes are as follows:

- Inability to continue to provide a service to customers due to a reduced workforce from illness.
- Rental income receipts may be lower than expected during the period of outbreak and thereafter. The Original Borrower has seen substantially greater numbers of customers accessing Government support. The Original Borrower has seen a 23 per cent. increase in customers using universal credit since March 2020 and now has around 1,700 customers using universal credit. Since the beginning of the outbreak, the Original Borrower has seen less than a 2 per cent. reduction in rental income levels.
- The number of unlet void properties may rise. The Original Borrower might expect to have 5 properties become vacant and re-let in a typical week. At the start of the current outbreak, the Original Borrower was unable to re-let properties but more recently lettings have recommenced.
- Slight delay to development programme. At the inception of the current outbreak, the Original Borrower's development partners initially pulled off site. After careful review and the introduction of new safeguarding measures, all are now resumed.
- If any of the Borrowers' suppliers or development partnership partner were to become insolvent, this would have an effect on the development programme causing delays which could affect the cashflow of the Borrowers.
- Depending on the impact of any economic downturn on the property market, the value and rate of sale of completed shared ownership properties may be affected. The Original Borrower is monitoring shared ownership sales closely with view to switch tenure if required. At 31 July 2020, 23 of the available 52 units completed by 31 March 2020 had been sold.
- Risk that one or more key suppliers is unable to continue essential health and safety/remedial due to lack of access to properties.
- Risk of hyperinflation for repairs and maintenance costs.

If any of these occur, this may adversely affect the ability of the Borrowers to meet their payment obligations under the Loan Agreements, which in turn could affect the ability of the Issuer to comply with its obligations under the Bonds and/or the market value and/or the liquidity of the Bonds in the secondary market.

Fire Safety Cost Risk: Following the tragic events at Grenfell Tower in the Royal Borough of Kensington and Chelsea, the Original Borrower completed additional comprehensive checks on all of the blocks it owns with six storeys or more. In total, the Original Borrower has 10 properties over 18 metres high and 1 property with ACM type cladding where sprinkler systems have already been retro-fitted in order to protect the customers. It has a programme of retro-fitting of sprinklers continuing in 2020-2021 for other retirement schemes and high rise buildings. In January 2020 the Secretary of State for Housing, Communities and Local Government announced the introduction of a new building safety regulator,

advised owners of all multi-storey and multi-occupied residential buildings to undertake investigations into external wall systems and fire doors, and indicated further testing of the cladding of properties below six storeys and over 11 metres high would be expected.

If any Borrower was faced with material unforeseen renovation, maintenance and modernisation costs which it could not effectively fund, this could have an adverse impact on its ability to meet its payment obligations under its Loan Agreement and, in turn, the Issuer's ability to meet its payment obligations on a timely basis under the Bonds.

Capital Resources Risk: To mitigate liquidity risk and augment its capital resources, the Original Borrower currently relies on its existing bond debt, financing through committed lines of credit from major banks and building societies and secured revolving credit facilities. As at 31 July 2020, the Original Borrower had total drawn debt of £240 million and 68 percent of debt was held at fixed rates of interest. All of the Original Borrower's facilities are currently overcollateralised.

The Borrowers could find themselves unable to access sources of financing if bank or building society lines become unavailable to them (for example, if banks and building societies are unable to provide new facilities, or extend existing facilities, or are unable to meet commitments to provide funds under existing committed lines) or if a reduction in their credit rating makes the cost of accessing the public and private debt markets prohibitive. This may affect their ability to meet their payment obligations under the Loan Agreements and, in turn, the Issuer's ability to meet its obligations under the Bonds.

Risks relating to withdrawal of the UK from the European Union: On 29 March 2017, the UK invoked Article 50 of the Lisbon Treaty and officially notified the European Union (the **EU**) of its decision to withdraw from the EU. This commenced the formal two-year process of negotiations regarding the terms of the withdrawal and the framework of the future relationship between the UK and the EU, which was further extended to 31 January 2020. There is now a transition period which is expected to last until 31 December 2020, during which time negotiations in respect of a long-term relationship between the UK and the EU will take place.

Due to the on-going political uncertainty with regards to such transition period and the structure of the UK's future relationship with the EU may lead to material economic uncertainty that could adversely affect the ability of the Borrowers to meet their payment obligations under the Loan Agreements and, in turn, the ability of the Issuer to meet its obligations under the Bonds and/or the market value and/or the liquidity of the Bonds in the secondary market.

Pensions Risk: The Original Borrower participates in the following defined benefit pension schemes:

- the Wandsworth Council Pension Fund (the **Fund**) of the Local Government Pension Scheme (**LPGS**) administered by Wandsworth Council; and
- the Social Housing Pension Scheme (**SHPS**).

Co-op Homes (South) Limited (**Co-op Homes**), a subsidiary of the Original Borrower, also participates in SHPS.

LGPS

The LGPS is a public sector statutory pension scheme independently administered locally through various regional pension funds in accordance with the LGPS Regulations 2013. The LGPS is a defined benefit scheme which currently provides benefits based on career average revalued earnings.

On the Original Borrower's withdrawal from the LGPS, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013, which will determine the termination contribution, if any, due by the Original Borrower.

On 31 March 2016 the Original Borrower closed its section of the Fund to future accrual of benefits. This means that it no longer has any active members participating in the Fund (or the LGPS). In order to prevent a cessation debt from becoming due when its last active member left the Fund, the Original Borrower entered into a form of agreement with the Fund whereby the Original Borrower will continue to pay contribution towards recovering its share of the deficit in the Fund. In addition, security over the Original Borrower's office building was provided by the Original Borrower to the Fund.

In the year ending 31 March 2020, the annual deficit contribution made by the Original Borrower was £68,000.

SHPS

The SHPS is a multi-employer pension scheme which is administered by TPT Retirement Solutions. Employer participation in the SHPS is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide" and under the rules of SHPS.

There are three schemes provided by SHPS: final salary defined benefit (now closed to new entrants), career average (CARE) and defined contribution. The latter two schemes are still open to new members.

The triennial valuation results at 30 September 2017, completed in 2018, show the market value of the whole scheme's assets as £4.553 billion, with whole scheme liabilities of £6.075 billion, revealing a shortfall of assets compared with the value of liabilities of £1.522 billion.

Following the 2017 Valuation, SHPS DB has moved away from a tiered recovery plan approach to allocating deficit contributions on a 'full share of liability' basis (the **Recovery Plan**). This new recovery plan commenced from 1 April 2019. Under the Recovery Plan in place as at 31 March 2020, in addition to employer contributions to fund future service, the Original Borrower paid an annual deficit contribution of £457,709 and Co-op Homes paid £89,607 during the year ended 31 March 2020 in order to meet the shortfall within the scheme.

The FRS102 Valuation Report for the year ending 31 March 2020 shows that the Original Borrower has a liability of £2,393,000 and Co-op Homes has a liability of £288,000 in SHPS DB.

The Original Borrower complies with its funding obligations under the Pensions Act 2004 in relation to the SHPS.

General

There may be certain circumstances in which the sponsoring employers of the pension arrangements listed above are required to make good the funding deficit in short order. Certain forms of re-structuring of the Original Borrower may result in circumstances in which a funding deficit has to be met. For example, a transfer of engagements or a transfer under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (SI 2006/246) could lead to a crystallisation of a net pension liability. However, the Original Borrower always carefully considers the pension implications of restructuring proposals and wherever possible ensures that such restructurings are organised to avoid material pension liabilities crystallising.

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). As the Original Borrower participates in the SHPS, there is also a risk that the Original Borrower could be required to contribute to pension schemes on the basis that they are parties "connected to" or "associated with" the relevant employers, whether or not they themselves are classified as "employers".

A contribution notice may be issued by the Pensions Regulator against the Original Borrower if it is, or is connected/associated with, a defined benefit scheme (which could include SHPS), and 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, or where the effect (regardless of intention) of the act was to materially weaken the respective pension scheme by detrimentally affecting in a material way the likelihood of accrued scheme benefits being received by or in respect of members unless the Pensions Regulator is satisfied that the Original Borrower has a statutory defence. A contribution notice can only be served where the Pensions Regulator considers it is reasonable to do so.

This is a wide power and means that the Pensions 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. This power applies retrospectively to acts or failures to act which occurred on or after 14 April 2008.

A financial support direction could be served on the Original Borrower if the Original Borrower is connected to/associated with a defined benefit scheme (which could include SHPS) which is insufficiently resourced. 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.

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 served on the Original Borrower, this could have an adverse impact on its cash flow. Specifically, if the amount payable under a contribution notice or support direction was material, this could adversely affect the Original Borrower's ability to meet its payment obligations under its Loan Agreement, which in turn, could affect the ability of the Issuer to meet its payment obligations to Bondholders in respect of the Bonds.

Operational Risk: Operational risks may result from major systems failure or breaches in systems security and the consequences of theft, fraud, health and safety and environmental issues, natural disaster and acts of terrorism. These events could result in financial loss to the Borrowers and therefore affect their ability to meet their payment obligations under the Loan Agreements and, in turn, the ability of the Issuer to meet its obligations under the Bonds.

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 the Official List and admitted to trading on the London Stock Exchange's regulated market.

B. Risks Related to the Borrowers' Business Activities and Industry

Change in Government Policy: By virtue of its investment in, and management of, social housing assets the Original Borrower's business (and business model) is (and each Additional Borrower's business (and business model) is expected to be) highly sensitive to UK Government policy in relation to housing. The Original Borrower's turnover is predominantly social housing letting activity. For the financial year ended 31 March 2020 it represented 89 per cent. of its consolidated turnover.

In particular, the Original Borrower is (and any Additional Borrower is expected to be) sensitive to policies impacting either the rent it is able to charge on social housing assets or its ability to recover rents due from residents, such as:

- (a) the rate at which social housing rents may index over time, under powers conferred through the Housing and Regeneration Act 2008. Current policy allows rents to index at CPI + 1 per cent. for five years from the 2020/21 financial year;
- (b) the rate of increase or decrease of the Local Housing Allowance. This is the rate which is used in some cases to determine the maximum level of housing benefit receivable by residents;
- (c) a decision on whether and how to reintroduce "rent convergence" for social housing tenancies. The policy of converging rents for similar properties in similar locations to the same level previously ended in April 2015; and
- (d) the availability of benefit payments to support residents unable to otherwise pay rents due. As at 31 July 2020, the Original Borrower received around 45 per cent. of its social housing rental income from housing benefit payable by local authorities. If there is a reduction or termination by the UK Government of housing benefit, then this may accordingly have an adverse impact on the payment of rent, as the tenants would have to pay a higher proportion of the rent themselves.

It is possible that the current Covid-19 outbreak (see "*Disruption due to outbreak of coronavirus (COVID-19)*" above) could lead to changes to the UK Government's housing policy. Lower rental income could adversely affect the ability of the Borrowers to meet their payment obligations on a timely basis under the Loan Agreements which, in turn, may have an adverse effect on the Issuer's ability to meet its obligations to the Bondholders in respect of the Bonds.

Rental Income Risk: The Borrowers' turnover depends on their capacity to collect rents due (**arrears**), and to let properties which are void (**voids**). Both depend on effective operations, effective working relationships with local nominating boroughs and a sound policy framework. If either arrears or voids increased significantly it could adversely affect the ability of a Borrower to meet its payment obligations on a timely basis under its Loan Agreement.

The Original Borrower has nearly 1,750 known claimants through the Universal Credit system. As at 31 March 2020, the Original Borrower's rent arrears were at 2.5 per cent. The Original Borrower has experienced a small increase in rent arrears in respect of its residents since the start of the Covid-19 outbreak.

Universal Credit is likely to increase transaction costs and the receipt of rental payments by the Borrowers, as landlords, may be delayed by the failure of tenants to apply for Universal Credit and/or regularly pay rent which is due in addition to the housing benefit and/or pass on the housing benefit payments to the landlord. In such circumstances, non-payment, partial payment or any delay in payment of rent could increase rental income arrears and bad debts, and could adversely affect the ability of a Borrower to meet its payment obligations on a timely basis under its Loan Agreement which, in turn,

may have an adverse effect on the Issuer's ability to meet its obligations to the Bondholders in respect of the Bonds.

Housing Market Downturn Risk and Shared Ownership Sale Risk: The Original Borrower has (and an Additional Borrower may have) some exposure to housing market downturn risk through its shared ownership sales, disposals through its asset management strategy and staircasings of shared ownership properties.

In its financial year ended 31 March 2020, the income on first tranche shared ownership sales by the Original Borrower of these assets was £1,882,000 compared to total turnover for the year of £55,150,000. The exposure to market risk could have an impact on a Borrower's ability to meet its payment obligations under its Loan Agreements and, accordingly, on the Issuer's ability to meet its payment obligations under the Bonds.

Development Risk: Residential property is subject to varying degrees of market and development risk. Market risks include the economic environment 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 which could affect positively and negatively tenant trends in the United Kingdom. Development of existing sites and acquisition of additional sites may be subject to economic and political conditions, the availability of finance facilities and the cost of facilities where interest rates and inflation may also have an effect.

The Original Borrower also depends, and any Additional Borrower will depend, on an extensive network of contracted third party suppliers for its housing development programme. The Borrowers' ability to meet their obligations are in part a function of the capacity and capability of these suppliers.

The development of units will be subject to the risks referred to above. This could have an adverse impact on the Borrowers' cashflows and therefore their ability to meet their payment obligations under the Loan Agreements which, in turn, could have an adverse impact of the ability of the Issuer to meet its payment obligations under the Bonds.

Housing Grant Risk: The Original Borrower receives (and Additional Borrowers may receive) grant funding from the Greater London Authority (the **GLA**). 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 Homes England and/or the GLA may revise the terms of a grant and reduce entitlement, suspend or cancel any instalment of such a grant. In certain circumstances (including, but not limited to, failure to comply with conditions or a disposal of the property funded by a grant), 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, its ability to make repayment due under its Loan Agreement which, in turn, could adversely affect the Issuer's ability to make payments on the Bonds.

Permitted Re-organisation Risk: The Loan Agreements permit the Borrowers to undertake Permitted Reorganisations. In such circumstances, the resulting entity's credit risk may change.

C. Legal and Regulatory Risks

Legal and Compliance Risk and Health and Safety Risk: The Original Borrower knows the significance to its operations of, and is focused on, adhering to all legal and compliance legislation. The Original Borrower is continually reviewing and updating its policies and procedures to ensure that the condition and safety of each property is compliant with prevailing legal and regulatory requirements. The Original Borrower also carries out health and safety checks of its properties on an on-going basis, including, but not limited to gas safety checks and fire risk assessments. The Original Borrower is not currently aware of any material failure to adhere to applicable health and safety or environmental laws,

litigation or breach of regulatory laws, or failure to comply with corporate, employee or taxation laws that has not already been reported and accounted for.

The Original Borrower does however note the following two issues that have recently been reported to the Regulator under the co-regulatory regime:

- firstly, due to access issues into properties through COVID-19 lockdown, consistent with other Registered Providers of Social Housing, the Original Borrower owns 148 properties at 31 July 2020 where, although due process has been followed, it has not been able to complete required gas safety checks. These have been reported to the Regulator in the monthly Coronavirus Operational Response Survey and the Regulator has confirmed no further action will be taken; and
- secondly, the Original Borrower has recently self-reported to the Regulator in relation to overdue remedial activity associated with electrical safety checks undertaken by a contractor in 2017/18. The overdue remedial activity relates to 126 properties, 40 of which have already been rectified. The remaining rectification is expected to be completed in full by the end of September 2020 subject to gaining access to the homes concerned. The Original Borrower does not believe this to be a material regulatory concern nor to be of a material cost, however, if there was a material failure to comply with relevant legislation in the future, there would be a risk of regulatory downgrade.

If there was any material litigation in the future or any material failure to comply with relevant legislation or regulations by or involving any Borrower, this could have significant cost implications for such Borrower and an adverse impact on its results or operations, which could adversely affect its ability to meet its payment obligations under its Loan Agreement and, in turn, the Issuer's ability to meet its obligations to Bondholders in respect of the Bonds.

To date, claims made against the Original Borrower have not had a material impact on the revenue or business of the Original Borrower.

Furthermore, the Original Borrower has (and each Additional Borrower is expected to have) the benefit of insurance for, among others, employer's liability, public liability and directors' and officers' liability at levels which its management considers to be prudent for the type of business in which it is engaged and commensurate with Registered Providers of Social Housing of a similar size.

Regulatory Risk: The Original Borrower's housing activities are regulated by the Regulator. The Original Borrower held top scores of "G1" and "V1" for governance and financial viability for a number of years and retained these scores following stability check in December 2019. Any breach of new or existing regulations could lead to the exercise of the Regulator's statutory powers. Any such intervention by the Regulator in respect of a Borrower may affect the ability of such Borrower to meet its payment obligations under its Loan Agreement and could trigger an event of default under its other loan agreements, which could in turn affect the ability of the Issuer to meet its payment obligations under the Bonds.

Factors which are material for the purpose of assessing the market risks associated with the Bonds

Interest rate risk: The Bonds 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 Bonds.

Redemption prior to maturity: In the event that the Bonds become repayable prior to maturity either following a Loan becoming repayable as a result of a Borrower Default or an Event of Default (as defined in Condition 12 (*Events of Default and Enforcement*)) or due to taxation (pursuant to Condition 9.3 (*Early*

Redemption for Tax Reasons)), the Bonds will be redeemed in full at their Outstanding Principal Amount, plus accrued interest. In such circumstances it may not be possible for an investor to reinvest the redemption proceeds at an effective rate of interest as high as the interest rate on the Bonds. Furthermore, the optional redemption feature of the Bonds is likely to limit their market value as the market value generally will not rise substantially above the price at which they can be redeemed.

Modification, waivers and substitution: The Terms and Conditions of the Bonds and the Bond Trust Deed contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Bonds and the Bond Trust Deed also provide that the Bond Trustee may, without the consent of Bondholders (a) agree to any modification (except as stated in the Bond Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Bonds or any Transaction Document (to which it is a party); (b) determine without the consent of the Bondholders that any Potential Event of Default or Event of Default shall not be treated as such; or (c) agree to the substitution of another company, registered society or other entity as principal debtor under the Bonds in place of the Issuer, in the circumstances described in the Terms and Conditions, provided, in each case, that the Bond Trustee is of the opinion that to do so would not be materially prejudicial to the interests of Bondholders.

Denominations involve integral multiples: definitive Bonds: The Bonds have denominations consisting of a minimum of £100,000 plus one or more higher integral multiples of £1,000. It is possible that the Bonds may be traded in amounts that are not integral multiples of £100,000. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than £100,000 in his account with the relevant clearing system at the relevant time may not receive a definitive Bond in respect of such holding (should definitive Bonds be printed) and would need to purchase a nominal amount of Bonds such that its holding amounts to £100,000.

If definitive Bonds are issued, holders should be aware that definitive Bonds which have a denomination that is not an integral multiple of £100,000 may be illiquid and difficult to trade.

Change in Law: Changes in law may affect the rights of Bondholders as well as the market value of the Bonds. The structure of the issue of the Bonds is based on English law, regulatory and administrative practice in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to English law, regulatory or administrative practice in the United Kingdom after the date of this Prospectus. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Bonds, which may have an adverse effect on an investment in the Bonds.

Taxation: Under the Terms and Conditions of the Bonds (see Condition 10 (*Taxation*)) below), the Issuer may, but will not be obliged to, gross up payments in respect of the Bonds if any deduction or withholding on account of tax is imposed. In the event that any deduction or withholding on account of tax is imposed and the Issuer does not opt to gross up payments in respect of the Bonds (or, if having previously opted to gross up, notifies the Bond Trustee and the Bondholders of its intention to cease grossing up payments in respect of the Bonds), the Bonds will be redeemed in accordance with Condition 9.3 (*Early Redemption for Tax Reasons*). In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Bonds. In addition, any amounts in respect of accrued interest which fall due on any such redemption of the Bonds (and, where the redemption follows the next following Interest Payment Date, such Interest Payment Date) shall be paid subject to the required withholding or deduction and the Issuer shall not be obliged to pay any additional amounts in respect thereof. The Bondholders will

therefore bear the risk of any such withholding or deduction in respect of the period from the previous Interest Payment Date to the date of redemption.

The Original Loan Agreement requires, and each Additional Loan Agreement will require, that if any withholding or deduction is required by law to be made by the relevant Borrower thereunder, the amount of the payment due from such Borrower shall be increased to an amount which (after making the tax deduction) leaves an amount equal to the payment which would have been due if no tax deduction had been required.

For a description of the current United Kingdom law and practice relating to withholding tax treatment of the Bonds, see below in "*Taxation*".

Exchange rate risks and exchange controls: The Issuer pays and will pay principal and interest on the Bonds 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 Sterling would decrease (a) the Investor's Currency-equivalent yield on the Bonds, (b) the Investor's Currency-equivalent value of the principal payable on the Bonds and (c) the Investor's Currency-equivalent market value of the Bonds.

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

Risks Relating to the Security of the Bonds

Considerations relating to the Issuer Security and the Underlying Security: The validity of any security given by the Borrowers in connection with additions and substitutions of Charged Properties may depend on the solvency of the relevant Borrower at the time of the grant. If any security is found to be invalid as a result, this will affect the amounts available to Bondholders in the event of a default under the Bonds.

Environmental Considerations: Under relevant UK environmental legislation, liability for environmental matters can be imposed on the "owner" or any "person in control" of land. The term "owner" is not specifically defined and could include anyone with a proprietary interest in a property, which could include a representative of a trustee as a mortgagee in possession (in respect of which see the risk factor entitled "*Mortgagee in Possession Liability*" below). Environmental laws may impose liability on the owner for clean-up costs if a property is or becomes contaminated. The Borrowers may therefore be liable for the entire amount of the clean-up and redemption costs for a contaminated site regardless of whether the contamination was caused by it or not. These costs may be significant and may affect the ability of the Borrowers to meet their payment obligations under their respective Loan Agreements and, in turn, the ability of the Issuer to meet its payment obligations under the Bonds.

In addition, the presence of hazardous or toxic substances, or the failure to adequately remedy adverse environmental conditions at a Charged Property, may adversely affect the market value of the Charged Property, as well as the Borrowers' ability to sell, lease or refinance the Charged Property. Any environmental liability imposed on the Borrowers could also affect the ability of the Borrowers to meet their payment obligations under their respective Loan Agreement and, in turn, the ability of the Issuer to meet its payment obligations under the Bonds.

Sufficiency of Insurance: Although each Charged Property is required to be insured at appropriate levels and against customary risks, there can be no assurance that any loss incurred will be of a type

covered by such insurance, nor can there be any assurance that the loss will not exceed the limits of such insurance. Any reduction in income or any loss or damage caused to a Charged Property not adequately covered by insurance could result in a shortfall in funds available to meet the Borrowers' payment obligations under the Loan Agreements and, in turn, a shortfall in funds available to meet the Issuer's payment obligations under the Bonds.

Investment of Retained Proceeds in Permitted Investments: For so long as any part of the net proceeds of the issue of the New Bonds remains undrawn pursuant to the Loan Agreements, the Issuer may invest such amounts in Permitted Investments in accordance with the Custody Agreement. The Issuer may also invest the Charged Disposal Proceeds in Permitted Investments in accordance with the Custody Agreement.

Although Permitted Investments are limited to highly rated securities which satisfy certain specified criteria (which, other than with respect to the Benchmark Gilt, includes a requirement that the investments have a maturity date which is no later than 5 February 2048), the Issuer may be required to liquidate such Permitted Investments (a) prior to the enforcement of the Issuer Security, (in the case of the Permitted Investments purchased with Retained Proceeds) to fund advances to a Borrower pursuant to a Loan Agreement or to fund redemptions of the Bonds in accordance with the Conditions or (b) following the enforcement of the Issuer Security, to make payments in accordance with the Post-enforcement Priority of Payment, in either case at a time when the disposal proceeds of such Permitted Investments is less than the price paid by the Issuer upon the acquisition thereof.

Prior to the enforcement of the Issuer Security, any losses realised by the Issuer in respect of a sale of Permitted Investments purchased with Retained Proceeds is passed on to the Borrowers pursuant to the terms of the Loan Agreements as a result of (i) the Issuer's obligation to fund a nominal amount of an advance being such that it may be satisfied by funding such advance at a discount in proportion to any such losses and (ii) each Borrower's obligation to make further payments to the Issuer in respect of any prepayment of the loan in full to enable the Issuer to fund any shortfall on a redemption of the Bonds. However, following the enforcement of the Issuer Security, any losses in respect of the Permitted Investments will reduce the amounts available to the Issuer to satisfy its payment obligations in respect of the Bonds. For the purpose of calculating the Borrowers' compliance with the Asset Cover Test, the value of such Permitted Investments will be the purchase price thereof and the Borrowers shall not be required to monitor the market value of such Permitted Investments. Consequently, the value attributed to the Permitted Investments for this purpose may be more than the realisable value from time to time.

In the event that the enforcement of the Issuer Security takes place prior to the Properties being charged with an aggregate Minimum Value equal to the Outstanding Principal Amount of the Bonds and/or at a time when the Permitted Investments have been acquired with the Disposal Proceeds or otherwise charged by a Borrower as security, the value of the proceeds of enforcement of the Underlying Security, together with such amounts, may be insufficient to enable the Issuer to pay its obligations under the Bonds in full.

The Issuer's ability to meet its obligations under the Bonds after enforcement under a Loan: Following default by a Borrower, the Security Trustee shall be entitled to call for payments of any unpaid sums by such Borrower to be made by one or more of the other Borrowers (if any) under and in accordance with the guarantee given by such other Borrowers pursuant to their respective Loan Agreement (subject to the limitations of each guarantee). If there are no other Borrowers at such time or the other Borrowers do not make payment (or are not required to make payment as a result of the limitation of the relevant guarantee) of such amounts to the Issuer pursuant to their respective Loan Agreements, the Security Trustee may enforce the Underlying Security and appoint a Receiver pursuant to its powers under the Security Trust Deed.

The Issuer's ability to continue to pay principal and interest on the Bonds following default by a Borrower under a Loan is dependent upon the ability of the Issuer to receive from the Security Trustee pursuant to the collection of rental income or a disposal of the Underlying Security, sufficient funds to make such payment.

Fixed charges may take effect under English law as floating charges: Pursuant to the Bond Trust Deed, the Issuer has purported to grant fixed charges over, amongst other things, all rights and benefits under the Transaction Account, the Disposal Proceeds Account and the Initial Cash Security Account. English law relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer (other than assignment of security) may take effect under English law only as floating charges if, for example, it is determined that the Bond Trustee does not exert sufficient control over the charged assets for the security to be said to "fix" over those assets. If the charges take effect as floating charges instead of fixed charges, then the claims of the Bond Trustee will be subject to claims which are given priority over a floating charge by law, including, amongst other things, prior charges, certain subsequent charges, the expenses of any winding up or administration and the claims of preferential creditors.

Mortgagee in Possession Liability: There is a risk that the Security Trustee may be deemed to be a mortgagee in possession if it physically enters into possession of a Charged Property or performs an act of control or influence which may amount to possession, such as submitting a demand direct to tenants requiring them to pay rents to the Security Trustee. In such circumstances the Security Trustee may incur further costs and expenses which will be recoverable by it from the enforcement proceeds prior to any payment being made to Issuer, thereby reducing the amounts available to the Issuer to pay amounts owing under the Bonds.

Moratorium and housing administration: The Security Trustee must notify the Regulator of its intention to enforce its security and cannot enforce its security during the resulting moratorium without the consent of the Regulator. This may adversely affect the Security Trustee's ability to enforce the security over the Charged Properties.

The Security Trustee's ability to 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 or could result in a housing administrator disposing of Charged Property belonging to a Borrower at a time when proceeds are not sufficient to discharge the Issuer's obligations under the Bonds.

Risks Relating to the Market Generally

Potential Limited Liquidity: The New Bonds may not have an established market when issued. There can be no assurance of a secondary market for the New Bonds or the continued liquidity of such market if one develops. The development or continued liquidity of any secondary market for the New Bonds will be affected by a number of factors such as the state of credit markets in general and the creditworthiness of the Borrowers, as well as other factors such as the time remaining to the maturity of the Bonds.

Credit ratings may not reflect all risks: The Original Borrower is currently rated "A+" by S&P and it is expected that the New Bonds will be rated "A+" by S&P. These ratings may not reflect the potential impact of all risks related to the structure, market and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the assigning rating agency at any time.

As at the date of this Prospectus, S&P is established in the European Union and is registered under the CRA Regulation. As such, S&P is included in the list of credit rating agencies published by the ESMA on its website in accordance with the CRA Regulation.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). If the status of S&P changes, European regulated investors may no longer be able to use the rating for regulatory purposes and the Bonds may have a different regulatory treatment. This may result in European regulated investors selling Bonds held by them which may have an impact on the value of the Bonds in the secondary market.

TERMS AND CONDITIONS OF THE NEW BONDS

The following are the Terms and Conditions of the New Bonds which will be endorsed on each Bond in definitive form (if issued).

The £100,000,000 3.25 per cent. Secured Bonds due 2048 (the **New Bonds** and, together with the Original Bonds (as defined below), the **Bonds**, which expression shall in these Conditions, unless the context otherwise requires, include any further bonds issued pursuant to Condition 19 (*Further Issues*) and forming a single series with the Bonds) of RHP Finance PLC (the **Issuer**) are constituted by a Supplemental Bond Trust Deed (as modified and/or amended and/or supplemented and/or restated from time to time, the **Supplemental Bond Trust Deed**) dated 15 September 2020 made between the Issuer and Prudential Trustee Company Limited (the **Bond Trustee**, which expression shall include any successor as Bond Trustee) as trustee for the holders of the Bonds (the **Bondholders**), the holders of the principal receipts appertaining to the Bonds (the **Receiptholders** and **Receipts** respectively) and the holders of the interest coupons appertaining to the Bonds (the **Couponholders** and the **Coupons** respectively, which expressions shall, unless the context otherwise requires, include the talons for further interest coupons (the **Talons**) and the holders of the Talons).

The Supplemental Bond Trust Deed is supplemental to a Bond Trust Deed dated 5 February 2015 (as amended and/or supplemented and/or restated from time to time, the **Original Bond Trust Deed** and, together with the Supplemental Bond Trust Deed, the **Bond Trust Deed**) made between the same parties and constituting the £175,000,000 3.25 per cent. Secured Bonds due 2048 (the **Original Bonds**) issued by the Issuer on 5 February 2015. The New Bonds are consolidated and form a single series, and rank *pari passu*, with the Original Bonds.

The Bonds have the benefit of an Agency Agreement dated 5 February 2015, as supplemented by a Supplemental Agency Agreement dated 15 September 2020, (as modified and/or amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) and made between the Issuer, the Bond Trustee, Citibank, N.A., London Branch as principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Copies of the Bond Trust Deed, the Agency Agreement, the Loan Agreements, the Legal Mortgages and the Security Trust Deed are available for inspection during normal business hours at the registered office for the time being of the Bond Trustee being at the date of the issue of the New Bonds at 10 Fenchurch Avenue, London EC3M 5AG and at the specified office of each of the Paying Agents. The Bondholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Bond Trust Deed and the Agency Agreement. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Bond Trust Deed, which includes the form of the Bonds.

1 Definitions

Words and expressions defined in the Bond Trust Deed or the Agency Agreement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated.

In these Conditions:

Account Agreement means the Account Agreement dated 5 February 2015, as supplemented by a Supplemental Account Agreement dated 15 September 2020, and made between the Issuer, the Bond Trustee and the Account Bank, as amended and/or supplemented and/or restated from time to time;

Account Bank means Citibank, N.A., London Branch as account bank pursuant to the Account Agreement or any successor account bank appointed thereunder;

Accounting Profit means, in respect of each accounting period of the Issuer, the aggregate amount which the Issuer would be required to recognise for corporation tax purposes as profit in respect of its Permitted Investments and/or Retained Bonds as a result of (i) the movement in the fair value recognised in its accounts of such Permitted Investments and/or Retained Bonds for that accounting period plus (ii) any further profit arising from the sale of Permitted Investments (ignoring, for this purpose, any Gift Aid Payment to be made pursuant to a Loan Agreement);

Additional Borrower means any entity which:

- (a) has charitable status;
- (b) is a Registered Provider of Social Housing;
- (c) is a member of the Group; and
- (d) has acceded to (or, in the case of a new security trust deed, entered into) the Security Trust Deed (where applicable, following the amendment and restatement thereof) as a borrower;

Additional Loan Agreement means a loan agreement between the Issuer, an Additional Borrower and the Security Trustee;

Appointee means any attorney, manager, agent, delegate, nominee, custodian, receiver or other person appointed by the Bond Trustee under, or pursuant to, these Conditions or the Bond Trust Deed;

Asset Cover Test has the meaning given to it in the Loan Agreements;

Bondholder Specific Withholding means any withholding or deduction of Taxes which is required in respect of any payment in respect of any Bond, Receipt or Coupon:

- (a) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of the Bond, Receipt or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Bond, Receipt or Coupon; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or
- (d) presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Payment Day (as defined in Condition 8.5 (*Payment Day*));

Borrower Default has the meaning given to it in the Loan Agreements;

Borrowers means the Original Borrower and any Additional Borrower, in each case for so long as it is a borrower under a Loan Agreement;

Business Day means, for the purpose of Condition 9 (*Redemption and Purchase*), a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business in London;

Cancelled Retained Proceeds has the meaning given to it in the Loan Agreements;

Charged Disposal Proceeds means, at any time, the aggregate of all amounts (whether representing proceeds of disposal of Issuer Charged Property which is released from charge under the relevant Legal Mortgage or other moneys) standing to the credit of the Disposal Proceeds Account and, to the extent invested in Permitted Investments in accordance with the Custody Agreement, such Permitted Investments and any income received by the Issuer in respect of such Permitted Investments, provided however that, for the purpose of determining the compliance of the Borrowers with the Asset Cover Test, the value to be attributed to such Permitted Investments shall be the purchase price thereof;

Charitable Group Member means a charitable member of the Group which is connected with the Original Borrower for the purposes of section 939G of the Corporation Tax Act 2010;

Commitment has the meaning given to it in the Loan Agreements;

Compliance Certificate has the meaning given to it in the Loan Agreements;

Custodian means Citibank, N.A., London Branch as custodian pursuant to the Custody Agreement or any successor custodian appointed thereunder;

Custody Account means the account of the Issuer set up with the Custodian in respect of the Permitted Investments in accordance with the Custody Agreement;

Custody Agreement means the Custody Agreement dated 5 February 2015, as supplemented by a Supplemental Custody Agreement dated 15 September 2020, and made between the Issuer, the Bond Trustee and the Custodian, as amended and/or supplemented and/or restated from time to time;

Disposal Proceeds Account means the account of the Issuer set up with the Account Bank in respect of the Charged Disposal Proceeds in accordance with the Account Agreement;

Gift Aid Payment means a qualifying charitable donation for the purposes of Part 6 of the Corporation Tax Act 2010;

Group means the Group Parent and any other present or future, direct or indirect, subsidiaries of the Group Parent (which includes, for the avoidance of doubt, any entity with which any Borrower may merge or be consolidated with at any time including as a result of a Permitted Reorganisation);

Group Parent means Richmond Housing Partnership Limited and any entity with which the Group Parent may merge or be consolidated with at any time;

Initial Cash Security Account means the account of the Issuer set up with the Account Bank in respect of the Retained Proceeds in accordance with the Account Agreement;

Instalment Redemption Date has the meaning given to it in Condition 9.1 (*Redemption in Instalments*);

Issuer Charged Property has the meaning given to it in Condition 4 (*Security*);

Issuer Security has the meaning given to it in Condition 4 (*Security*);

Legal Mortgages means:

- (a) the Legal Mortgage dated 5 February 2015 and made between the Original Borrower and the Security Trustee pursuant to which the Original Borrower provides security in respect of its obligations under the Original Loan Agreement; and
- (b) any additional Legal Mortgage entered into between a Borrower and the Security Trustee substantially in the form set out in the Security Trust Deed pursuant to which such Borrower provides security in respect of its obligations under its Loan Agreement;

Loan Agreements means the Original Loan Agreement and each Additional Loan Agreement;

Loans means the nominal amount of each Commitment which has been advanced to a Borrower pursuant to the terms of a Loan Agreement or the outstanding balance thereof for the time being (ignoring, for these purposes, any Actual Advance Amount or Retained Bond Actual Advance Amount (each as defined in the Loan Agreements));

Loan Payment Day means a day on which principal or interest in respect of a Loan is due and payable by a Borrower to the Issuer in accordance with the terms of a Loan Agreement;

Maturity Date means 5 February 2048, being the final Instalment Redemption Date;

New Bond Issue Date means the issue date of the New Bonds, being 15 September 2020;

New Retained Bonds means £25,000,000 in nominal amount of the Bonds purchased by the Issuer on the New Bond Issue Date;

Original Borrower means Richmond Housing Partnership Limited, as borrower under the Original Loan Agreement;

Original Issue Date means the issue date of the Original Bonds, being 5 February 2015;

Original Loan Agreement means the loan agreement dated the Original Issue Date between the Issuer, the Original Borrower and the Security Trustee, as supplemented on the New Bond Issue Date;

Original Retained Bonds means £35,000,000 in nominal amount of the Bonds purchased by the Issuer on the Original Issue Date;

Outstanding Principal Amount means, in respect of each Bond, its nominal amount as reduced from time to time pursuant to Condition 9.1 (*Redemption in Instalments*);

Permitted Investments has the meaning given to it in the Loan Agreements;

Permitted Investment Profit means, in respect of any sale of Permitted Investments, the amount of any net profits or gains arising from such sale which are within the charge to corporation tax (if any);

Permitted Reorganisation has the meaning given to it in the Loan Agreements;

Potential Event of Default means any act, event or circumstance which with the expiry of a grace period, the giving of notice, determination of materiality or other determination would constitute an Event of Default;

Registered Provider of Social Housing means a person listed in the register of providers of social housing established under Chapter 3 of Part 2 of the Housing and Regeneration Act 2008 (as amended from time to time) or a person having a status which, in the opinion of the Issuer and the Bond Trustee, is substantially equivalent under any replacement or successor legislation thereto;

Relevant Date means, in respect of a payment, the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Bond Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Bondholders by the Issuer in accordance with Condition 15 (*Notices*);

Relevant 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 Bonds, Receipts or Coupons;

Retained Bond Custodian means Citibank, N.A., London Branch as custodian pursuant to the Retained Bond Custody Agreement or any successor custodian appointed thereunder;

Retained Bond Custody Agreement means the Custody Agreement relating to the Retained Bonds dated 5 February 2015, as supplemented by a Supplemental Custody Agreement dated 15 September 2020, and made between the Issuer, the Bond Trustee and the Retained Bond Custodian, as amended and/or supplemented and/or restated from time to time;

Retained Bond Premium Amount means, in respect of any sale by the Issuer of Retained Bonds, the amount of any net profits or gains arising from such sale which are within the charge to corporation tax (if any);

Retained Bonds means the Original Retained Bonds and the New Retained Bonds;

Retained Proceeds means, at any time, (a) an amount of the net issue proceeds of the Bonds (other than the Retained Bonds) which have not been advanced to a Borrower pursuant to a Loan Agreement at such time (if any) plus (b) an amount of the net sale proceeds of the Retained Bonds (less any Retained Bond Premium Amount) which are not advanced to a Borrower pursuant to a Loan Agreement immediately following receipt thereof by the Issuer and have not subsequently been advanced to a Borrower (if any);

Secured Parties means the Bond Trustee (for itself and on behalf of the Bondholders, Receiptholders and Couponholders), the Principal Paying Agent, the other Paying Agents, the Account Bank, the Custodian and the Retained Bond Custodian;

Security Trust Deed means:

- (a) the Security Trust Deed dated 6 September 2013 between, *inter alios*, the Original Borrower and the Security Trustee (as further amended from time to time); and

- (b) any other security trust deed entered into by an Additional Borrower with the Security Trustee for the purpose of creating security in respect of its obligations under its Additional Loan Agreement (which, for the avoidance of doubt, must be on substantially the same terms as the security trust deed referred to in (a) and approved by the Bond Trustee);

Security Trustee means Prudential Trustee Company Limited as security trustee under the Security Trust Deed for, *inter alios*, the Issuer;

Taxes has the meaning given to it in Condition 10.1 (*Payments without withholding*);

Transaction Account means the account of the Issuer set up with the Account Bank in respect of the Bonds in accordance with the Account Agreement;

Transaction Documents means the Loan Agreements, the Bond Trust Deed, the Security Trust Deed, the Agency Agreement, the Account Agreement, the Custody Agreement and the Retained Bond Custody Agreement;

Transaction Parties means any person who is party to a Transaction Document;

UK Government Gilt means Sterling denominated gilts or stock issued by or on behalf of Her Majesty's Treasury; and

Undrawn Commitment has the meaning given to it in the Loan Agreements.

2 **Form, Denomination and Title**

The Bonds are in bearer form, serially numbered, in the denomination of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000, with Receipts, Coupons and Talons attached on issue. No Bonds will be issued with a denomination above £199,000.

Title to the Bonds, Receipts and Coupons will pass by delivery. The Issuer, any Paying Agent and the Bond Trustee will (except as otherwise required by law) deem and treat the bearer of any Bond, Receipt 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.

3 **Status**

The Bonds, Receipts and Coupons are direct obligations of the Issuer, secured in the manner set out in Condition 4 (*Security*), and rank *pari passu* without preference or priority amongst themselves.

4 **Security**

The Issuer's obligations in respect of the Bonds are secured (subject as provided in these Conditions and the Bond Trust Deed) pursuant to the Bond Trust Deed in favour of the Bond Trustee for the benefit of itself and the Bondholders and the other Secured Parties as follows:

- (a) by an assignment by way of security of the Issuer's rights, title and interest arising under the Loan Agreements, the Security Trust Deed, the Legal Mortgages, the Agency Agreement, the Account Agreement and the Custody Agreement, in each case to the extent they relate to the Bonds;

- (b) by a charge by way of first fixed charge over all moneys and/or securities from time to time standing to the credit of the Transaction Account, the Disposal Proceeds Account, the Initial Cash Security Account and the Custody Account and all debts represented thereby; and
- (c) by a charge by way of first fixed charge over all sums held from time to time by the Paying Agents for the payment of principal or interest in respect of the Bonds.

The property charged and assigned pursuant to the Bond Trust Deed listed in (a) to (c) above, together with any other property or assets held by and/or assigned to the Bond Trustee and/or any deed or document supplemental thereto, is referred to herein as the **Issuer Charged Property** and the security created thereby, the **Issuer Security**.

5 Order of Payments

5.1 Pre-enforcement

Prior to the enforcement of the Issuer Security, the Issuer shall apply the monies standing to the credit of the Transaction Account on each Interest Payment Date and such other dates on which a payment is due in respect of the Bonds in the following order of priority (the **Pre-enforcement Priority of Payment**):

- (a) first, in payment of any taxes due and owing by the Issuer to any taxing authority (insofar as they relate to the Bonds);
- (b) second, in payment of any unpaid fees, costs, charges, expenses and liabilities incurred by the Bond Trustee and any Appointee (including remuneration payable to the Bond Trustee and any such Appointee) in carrying out its functions under the Bond Trust Deed;
- (c) third, in payment of any unpaid fees, costs, charges, expenses and liabilities of the Issuer owing to the Paying Agents under the Agency Agreement, the Account Bank under the Account Agreement, the Custodian under the Custody Agreement and the Retained Bond Custodian under the Retained Bond Custody Agreement on a *pro rata* and *pari passu* basis;
- (d) fourth, in payment of any other unpaid fees, expenses and liabilities of the Issuer (in so far as they relate to the Bonds) on a *pro rata* and *pari passu* basis;
- (e) fifth, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any interest due and payable in respect of the Bonds;
- (f) sixth, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any principal due and payable in respect of the Bonds;
- (g) seventh, on a *pro rata* and *pari passu* basis, in payment to the Borrowers of any amounts due and payable under the terms of the Loan Agreements; and
- (h) eighth, in payment of any Permitted Investment Profit, Accounting Profit or Retained Bond Premium Amount, as the case may be, to any Charitable Group Member.

5.2 Post-enforcement

Following the enforcement of the Issuer Security, all monies standing to the credit of the Transaction Account, the Disposal Proceeds Account and the Initial Cash Security Account and the net proceeds of enforcement of the Issuer Security shall be applied in the following order of priority (the **Post-enforcement Priority of Payment**):

- (a) first, in payment or satisfaction of the fees, costs, charges, expenses and liabilities incurred by the Bond Trustee, any Appointee or any receiver in preparing and executing the trusts under the Bond Trust Deed (including the costs of realising any Issuer Security and the Bond Trustee's, any such Appointee's and any such receiver's remuneration);
- (b) second, in payment of all amounts owing to the Paying Agents under the Agency Agreement, the Account Bank under the Account Agreement, the Custodian under the Custody Agreement and the Retained Bond Custodian under the Retained Bond Custody Agreement on a *pro rata* and *pari passu* basis;
- (c) third, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any interest due and payable in respect of the Bonds;
- (d) fourth, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any principal due and payable in respect of the Bonds;
- (e) fifth, in payment of any other unpaid fees and expenses of the Issuer (in each case insofar as they relate to the Bonds) on a *pro rata* and *pari passu* basis;
- (f) sixth, on a *pro rata* and *pari passu* basis, in payment to the Borrowers of any amounts due and payable under the terms of the Loan Agreements; and
- (g) seventh, in payment of any Permitted Investment Profit, Accounting Profit or Retained Bond Premium Amount, as the case may be, to any Charitable Group Member.

6 Covenants

6.1 General Covenants

In addition to the covenants of the Issuer set out in the Bond Trust Deed, for so long as any of the Bonds remain outstanding, the Issuer covenants that it will not, without the consent in writing of the Bond Trustee, engage in any activity or do anything other than:

- (a) carry out the business of a company which has as its purpose raising finance and on-lending such finance to or for the benefit of members of the Group (including, without limitation, as envisaged by the Transaction Documents); and
- (b) perform any act incidental to or necessary in connection with (a) above.

The Issuer also covenants, for so long as any of the Bonds remain outstanding, not to create or permit to subsist, over any of the security constituted by or created pursuant to the Bond Trust Deed, any mortgage or charge or any other security interest ranking in priority to, or *pari passu* with, the security created by or pursuant to the Bond Trust Deed.

6.2 Information Covenants

For so long as any of the Bonds remain outstanding, the Issuer shall:

- (a) send to the Bond Trustee and, upon request by any Bondholder to the Issuer, make available to such Bondholder at the Issuer's registered office during normal business hours, a copy of the Compliance Certificates promptly upon receipt of the same from the Borrowers pursuant to the terms of their respective Loan Agreements;
- (b) send to the Bond Trustee and, upon request by any Bondholder to the Issuer, make available to such Bondholder at the Issuer's registered office during normal business hours, a copy of the consolidated annual reports of the Group Parent promptly upon publication of the same by the Group Parent; and
- (c) at the request of Bondholders holding not less than 33 per cent. in nominal amount of the Bonds for the time being outstanding, convene a meeting of the Bondholders to discuss the financial position of the Issuer and the Group, provided, however that the Issuer shall not be required to convene any such meeting pursuant to this Condition 6.2(c) more than once in any calendar year. Upon the request of Bondholders to convene any such meeting, as aforesaid, the Issuer shall notify all Bondholders of the date (which such date shall be no more than 21 days following such request), time and place of the meeting in accordance with Condition 15 (*Notices*). The Issuer shall act in good faith in addressing any questions regarding the financial position of itself or any other member of the Group raised at any such meeting, provided, however, that the Issuer shall not be obliged to disclose any information which it, in its absolute discretion, considers to be of a confidential nature. For the avoidance of doubt, the provisions of this Condition 6.2(c) are in addition to the meetings provisions set out in Condition 17 (*Meetings of Bondholders, Modification and Waiver*).

6.3 Loan Agreements, Legal Mortgages and Security Trust Deed Consents Covenant

For so long as any of the Bonds remain outstanding, the Issuer covenants that it shall not consent to any waiver, amendment or modification of, or take any action or direct the Security Trustee to take any action pursuant to, the Loan Agreements, the Legal Mortgages or the Security Trust Deed except with the prior consent of the Bond Trustee. The Bond Trustee may seek the consent of the Bondholders in accordance with the Bond Trust Deed prior to giving any such consent.

7 Interest

7.1 Interest Rate and Interest Payment Dates

The New Bonds bear interest on their Outstanding Principal Amount from (and including) 5 August 2020 at the rate of 3.25 per cent. per annum, payable semi-annually in arrear on 5 February and 5 August in each year (each, an **Interest Payment Date**), commencing on 5 February 2021.

7.2 Interest Accrual

Each Bond will cease to bear interest from (and including) its due date for redemption unless, upon due presentation, payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Bond Trust Deed.

7.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full half year, it shall be calculated on the basis of:

- (a) the actual number of days in the period from (and including) the date from which interest begins to accrue (the **Accrual Date**) to (but excluding) the date on which it falls due; divided by
- (b) the actual number of days from and including the Accrual Date to (but excluding) the next following Interest Payment Date multiplied by 2,

and multiplying this by the rate of interest specified in Condition 7.1 above and the relevant Outstanding Principal Amount of the Bonds.

8 Payments

8.1 Payments in respect of Bonds, Receipts and Coupons

Subject as follows, payments of principal and interest in respect of each Bond will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Bond.

Payments of interest on an Interest Payment Date will be made against presentation and surrender (or in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

Payments of instalments of principal on an Instalment Redemption Date (other than the Instalment Redemption Date falling on the Maturity Date) will be made against presentation and surrender (or in the case of part payment only, endorsement) of the relevant Receipt, in each case at the specified office outside the United States of any of the Paying Agents. Each Receipt must be presented for payment together with the Bond to which it appertains. Receipts presented without the Bond to which they appertain do not constitute valid obligations of the Issuer.

8.2 Method of Payment

Payments will be made by credit or transfer to an account in Sterling maintained by the payee with, or, at the option of the payee, by a cheque in Sterling drawn on, a bank in London.

8.3 Missing Unmatured Receipts or Coupons

Each Bond should be presented for payment together with all relative unmatured Receipts or Coupons (which expression shall, for the avoidance of doubt, include Coupons falling to be issued on exchange of matured Talons), failing which the full amount of any relative missing unmatured Receipt or Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Receipt or Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Receipt or Coupon at any time before the expiry of 10 years after the Relevant Date in respect of the relevant Bond (whether or not the Receipt or Coupon would otherwise have become void pursuant to Condition 11 (*Prescription*)) or, if later, five years after the date on which the Receipt or Coupon would have become due, but not thereafter.

8.4 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Bonds are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without

prejudice to the provisions of Condition 10 (*Taxation*) 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 (without prejudice to the provisions of Condition 10 (*Taxation*)) any law implementing an intergovernmental approach thereto.

8.5 **Payment Day**

If the date for payment of any amount in respect of any Bond, Receipt 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*)):

- (a) is, or falls after, the relevant due date;
- (b) is, or falls at least one Business Day after, the corresponding Loan Payment Day;
- (c) is a Business Day in the place of the specified office of the Paying Agent at which the Bond, Receipt or Coupon is presented for payment; and
- (d) in the case of payment by a credit or transfer to a Sterling account in London as referred to above, is a Business Day in London.

In this Condition, **Business Day** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place.

8.6 **Initial Paying Agents**

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Bond Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city which so long as the Bonds are admitted to official listing on the London Stock Exchange shall be London or such other place as the UK Listing Authority may approve; and
- (c) the Issuer undertakes to maintain a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any termination or appointment and of any changes in specified offices will be given to the Bondholders promptly by the Issuer in accordance with Condition 15 (*Notices*).

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Bond Trustee and do not assume any obligation to, or relationship of agency or trust with, any Bondholders, Receiptholders or Couponholders. 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 paying agent.

8.7 Interpretation of principal and interest

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

- (a) any additional amounts which may be payable with respect to principal under Condition 10 (*Taxation*); and
- (b) any specific redemption price referred to in Condition 9 (*Redemption and Purchase*) which may be payable by the Issuer under or in respect of the Bonds.

Any reference in these Conditions to interest in respect of the Bonds shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 10 (*Taxation*).

9 Redemption and Purchase

9.1 Redemption in Instalments

Unless previously redeemed, or purchased and cancelled as specified in these Conditions, the Bonds will be redeemed in ten equal instalments (each a **Redemption Instalment**) of £100 per £1,000 in original nominal amount on each Interest Payment Date from, and including, 5 August 2043 to, and including, the Maturity Date (each an **Instalment Redemption Date**).

9.2 Early Redemption

If, in accordance with a Loan Agreement, a Borrower elects to prepay its Loan in whole or in part prior to the repayment date specified in the relevant Loan Agreement, then (if no replacement Commitment is put in place with another Borrower), the Issuer shall redeem the Bonds in whole or, in respect of a prepayment in part, in an aggregate Outstanding Principal Amount equal to the nominal amount of the relevant Loan to be repaid on the date which is two Business Days after that on which payment is made by the relevant Borrower under the relevant Loan Agreement (the **Loan Prepayment Date**).

Redemption of the Bonds pursuant to this Condition 9.2 shall be made at the higher of the following:

- (a) their Outstanding Principal Amount; and
- (b) the amount (as calculated by a financial adviser nominated by the Issuer and approved by the Bond Trustee (the **Nominated Financial Adviser**) and reported in writing to the Issuer and the Bond Trustee) which is equal to the Outstanding Principal Amount of the Bonds 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 Bonds (if the Bonds were to remain outstanding until their original maturity) on the Determination Date would be equal to the sum of (i) the Gross Redemption Yield at

3:00 pm (London time) on the Determination Date of the Benchmark Gilt and (ii) 0.20 per cent.,

together with any interest accrued up to (but excluding) the Loan Prepayment Date.

For the purposes of this Condition:

Benchmark Gilt means the 3½% Treasury Gilt 2045 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 (failing such determination, as determined by the Bond Trustee with such advice) to be the most appropriate benchmark conventional UK Government Gilt;

Determination Date means three Business Days prior to the Loan Prepayment Date; 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 8 June 1998 and updated on 15 January 2002 and 16 March 2005) (as amended or supplemented from time to time).

9.3 **Early Redemption for Tax Reasons**

If as a result of any actual or proposed change in tax law, the Issuer determines (in its reasonable commercial judgement), and certifies to the Bond Trustee, that it would, on the next following Interest Payment Date, be required to make a withholding or deduction in respect of payments to be made on such Interest Payment Date (other than in respect of a Bondholder Specific Withholding) and the Issuer does not opt to pay additional amounts pursuant to Condition 10.2 (*No obligation to pay additional amounts*) or, having so opted, notifies the Bond Trustee and the Bondholders, in accordance with Condition 15 (*Notices*), of its intention to cease paying such additional amounts, the Issuer shall redeem the Bonds in whole, but not in part, at their Outstanding Principal Amount, plus accrued interest to (but excluding) the date of redemption, as soon as reasonably practicable prior to the next following Interest Payment Date or, if it is not reasonably practicable for the Issuer to redeem the Bonds prior to the next following Interest Payment Date, within three Business Days thereafter. For the avoidance of doubt, any amounts in respect of accrued interest which fall due on any such redemption of the Bonds (and, where the redemption follows the next following Interest Payment Date, such Interest Payment Date) shall be paid subject to the required withholding or deduction and the Issuer shall not be obliged to pay any additional amounts in respect thereof.

9.4 **Mandatory Early Redemption**

If a Loan becomes repayable:

- (a) as a result of a Borrower Default; or
- (b) following a Borrower ceasing to be a Registered Provider of Social Housing (other than if such Borrower regains its status as a Registered Provider of Social Housing within 180 days), then (unless the Issuer has agreed with another Borrower to increase its Commitment by the relevant amount of the Loan to be prepaid not later than the date on which the relevant amount of Bonds would otherwise be redeemed) the Issuer shall redeem the Bonds in an aggregate Outstanding Principal Amount equal to the nominal amount of the relevant Loan at their Outstanding Principal Amount, plus accrued

interest to (but excluding) the date on which the Loan is repaid (the **Loan Repayment Date**), on the date which is two Business Days after the Loan Repayment Date.

9.5 **Notice of Early Redemption**

Notice of any early redemption in accordance with Condition 9.2 (*Early Redemption*), Condition 9.3 (*Early Redemption for Tax Reasons*) or Condition 9.4 (*Mandatory Early Redemption*) above shall be given by the Issuer to the Bond Trustee, the Paying Agents and the Bondholders, in accordance with Condition 15 (*Notices*), as promptly as practicable.

In the case of a partial redemption of Bonds, Bonds to be redeemed will be selected in such place as the Bond Trustee may approve and in such manner and at such time as the Bond Trustee may deem appropriate and fair. Notice of any such selection will be given by the Issuer to the Bondholders as promptly as practicable. Each notice will specify the date fixed for redemption, the early redemption amount and the aggregate Outstanding Principal Amount of the Bonds to be redeemed, the serial numbers of the Bonds called for redemption, the serial numbers of Bonds previously called for redemption and not presented for payment and the aggregate Outstanding Principal Amount of the Bonds which will be outstanding after the partial redemption.

9.6 **Calculations**

Each calculation, by or on behalf of the Issuer, for the purposes of this Condition 9 shall, in the absence of manifest error, be final and binding on all persons. If the Issuer does not at any time for any reason calculate amounts referred to in this Condition 9, such amounts may be calculated by the Bond Trustee, or an agent appointed (at the expense of the Issuer) by the Bond Trustee for this purpose, (without any liability accruing to the Bond Trustee as a result) based on information supplied to it by the Issuer and each such calculation shall be deemed to have been made by the Issuer.

9.7 **Purchase of Bonds by a Borrower or another member of the Group**

A Borrower or any other member of the Group may at any time purchase Bonds in the open market or otherwise at any price. Following any such purchase, such Borrower or such other member of the Group may (but is not obliged to) surrender the Bonds to the Issuer for cancellation. An amount equal to the Outstanding Principal Amount of the Bonds being surrendered shall be deemed to be prepaid under the Loan Agreement specified by such Borrower or such other member of the Group (but, for the avoidance of doubt, without triggering a redemption under Condition 9.2 (*Early Redemption*)) or, to the extent that the relevant Loan is not then outstanding, an amount of the Undrawn Commitment of the relevant Borrower equal to the Outstanding Balance of the Bonds surrendered shall be deemed to be cancelled for the purposes of such Loan Agreement and an amount of Retained Proceeds equal to the Cancelled Retained Proceeds shall be paid by the Issuer to such Borrower or such other member of the Group, as applicable.

9.8 **Purchase of Bonds by the Issuer**

The Issuer purchased the Original Retained Bonds on the Original Issue Date, shall purchase the New Retained Bonds on the New Bond Issue Date and may at any time purchase Bonds in the open market or otherwise at any price.

9.9 Cancellation of purchased or redeemed Bonds

All Bonds redeemed by the Issuer pursuant to Condition 9.2 (*Early Redemption*), Condition 9.3 (*Early Redemption for Tax Reasons*) or Condition 9.4 (*Mandatory Early Redemption*) or surrendered to the Issuer for cancellation pursuant to Condition 9.7 (Purchase of Bonds by a Borrower or another member of the Group) shall be cancelled and may not be issued or resold.

The Issuer:

- (a) may cancel any Retained Bonds held by it or on its behalf following a request by a Borrower, pursuant to a Loan Agreement, to cancel a corresponding amount of such Borrower's Undrawn Commitment;
- (b) shall cancel all Retained Bonds held by or on behalf of the Issuer forthwith upon notice that the Bonds are to be redeemed (and, in any event, prior to such redemption) in accordance with Condition 9.3 (*Early Redemption for Tax Reasons*) or Condition 12 (*Events of Default and Enforcement*);
- (c) shall, forthwith upon notice that the Bonds are to be redeemed in full or in part in accordance with Condition 9.4 (*Mandatory Early Redemption*), cancel Retained Bonds held by or on behalf of the Issuer in an aggregate Outstanding Principal Amount equal to the nominal amount of the Undrawn Commitment (if any) of the relevant Borrower whose Loan has become repayable; and
- (d) may cancel any Bonds (other than Retained Bonds) held by it or on its behalf at any time at its discretion.

10 Taxation

10.1 Payments without withholding

All payments of principal and interest in respect of the Bonds, Receipts and Coupons by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Relevant Jurisdiction, unless such withholding or deduction is required by law in which case the relevant payment will be made subject to such withholding or deduction.

10.2 No obligation to pay additional amounts

Subject as follows, neither the Issuer, the Bond Trustee nor any Paying Agent shall be obliged to pay any additional amounts to the Bondholders, Receiptholders or Couponholders as a result of any withholding or deduction made in accordance with Condition 10.1 (*Payments without withholding*).

Notwithstanding the foregoing, in the event that the Issuer would, on the next Interest Payment Date, be required to make a withholding or deduction in respect of tax (other than in respect of a Bondholder Specific Withholding), the Issuer may, provided that it has given notice to the Bond Trustee and the Bondholders, in accordance with Condition 15 (*Notices*), of its intention to do so prior to such Interest Payment Date, pay to Bondholders such additional amounts as may be necessary in order that the net amounts received by the Bondholders after such withholding or deduction will equal the amounts of principal and interest which would have been received in respect of the Bonds in the absence of such withholding or deduction. If at any time the Issuer intends to cease paying such additional amounts it may do so by giving notice to the

Bondholders and the Bond Trustee of its intention to do so with effect from the next Interest Payment Date.

11 Prescription

The Bonds, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

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 (*Payments*) or any Talon which would be void pursuant to Condition 8 (*Payments*).

12 Events of Default and Enforcement

12.1 Events of Default

The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least one-fourth in Outstanding Principal Amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being secured and/or indemnified and/or pre-funded to its satisfaction), (but in the case of the happening of any of the events described in paragraphs 12.1(b), (c), (i) and (j) below, only if the Bond Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Bondholders), give notice in writing to the Issuer that the Bonds are, and the Bonds shall thereupon immediately become, due and repayable at their Outstanding Principal Amount together with accrued interest as provided in the Bond Trust Deed if any of the following events (each an **Event of Default**) shall occur:

- (a) if default is made in the payment of any principal or interest due in respect of the Bonds or any of them and the default continues for a period of seven days in the case of principal and fourteen days in the case of interest; or
- (b) if the Issuer fails to perform or observe any of its other obligations under, or in respect of, the Conditions or the Bond Trust Deed or if any representation given by the Issuer to the Bond Trustee in the Bond Trust Deed is found to be untrue, incorrect or misleading as at the time it was given and (except in any case where, in the opinion of the Bond Trustee, the failure or inaccuracy is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure or inaccuracy continues for the period of 30 days next following the service by the Bond Trustee on the Issuer of notice requiring the same to be remedied; or
- (c)
 - (i) any other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described); or
 - (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period; or
 - (iii) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised,

provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds £10,000,000 or its equivalent in other currencies (as reasonably determined by the Bond Trustee); or

- (d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer save for the purposes of a reorganisation on terms previously approved in writing by the Bond Trustee or by an Extraordinary Resolution; or
- (e) if the Issuer ceases or threatens to cease to carry on the whole or, in the opinion of the Bond Trustee, substantially all of its business, save for the purposes of a reorganisation on terms previously approved in writing by the Bond Trustee or by an Extraordinary Resolution; or
- (f) if the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (g) 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, liquidator, manager, administrator or other similar official, or an administrative or other receiver, liquidator, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to all or substantially all of the Issuer's undertaking or assets, or an encumbrancer takes possession of all or substantially all of the Issuer's undertaking or assets, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against all or substantially all of the Issuer's undertaking or assets; and
 - (ii) in any such case (other than the appointment of an administrator) is not discharged within 14 days; or
- (h) if the Issuer 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
- (i) if the Issuer 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
- (j) if it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Bonds, the Bond Trust Deed or any Loan Agreement.

12.2 Enforcement

The Bond Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps or action (including lodging an appeal in any proceedings) against or in relation to the Issuer as it may think fit to enforce the provisions of the Bond Trust Deed, the

Bonds, the Receipts, the Coupons and/or any of the other Transaction Documents or otherwise, but it shall not be bound to take any such proceedings or other steps or action unless:

- (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-fourth in Outstanding Principal Amount of the Bonds then outstanding; and
- (b) it shall have been secured and/or indemnified and/or pre-funded to its satisfaction.

The Bond Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Bond Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

No Bondholder, Receiptholder, Couponholder or any Secured Party (other than the Bond Trustee) shall be entitled:

- (i) to take any steps or action against the Issuer to enforce the performance of any of the provisions of the Bond Trust Deed, the Bonds, the Receipts, the Coupons or any of the other Transaction Documents; or
- (ii) to take any other action (including lodging an appeal in any proceedings) in respect of or concerning the Issuer,

in each case unless the Bond Trustee, having become bound so to take any such steps, actions or proceedings, fails so to do within a reasonable period and the failure shall be continuing.

13 Replacement of Bonds, Receipts, Coupons and Talons

Should any Bond, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (subject to all applicable laws and the requirements of the UK Listing Authority or the London Stock Exchange) 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 Bonds, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

14 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 the Principal Paying Agent or any other 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 Bond to which it appertains) a further Talon, subject to the provisions of Condition 11 (*Prescription*).

15 Notices

All notices regarding the Bonds 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 and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed or by which they have been admitted to trading. 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, in the opinion of the Bond Trustee, publication as provided above is not practicable, a notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe.

Notices to be given by any Bondholder shall be in writing and given by lodging the same, together with the relative Bond or Bonds, with the Principal Paying Agent.

Couponholders and Receiptholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of the Bonds in accordance with this Condition 15 (*Notices*).

16 Substitution

The Bond Trust Deed contains provisions permitting the Bond Trustee, subject to any required amendment of the Bond Trust Deed, without the consent of the Bondholders, the Receiptholders or the Couponholders or any Secured Party, to agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Bonds, the Receipts, the Coupons and the Bond Trust Deed of another company, registered society or other entity subject to:

- (a) the Bond Trustee being satisfied that the interests of the Bondholders will not be materially prejudiced by the substitution; and
- (b) certain other conditions set out in the Bond Trust Deed being complied with.

Any such substitution shall be notified to the Bondholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

17 Meetings of Bondholders, Modification and Waiver

17.1 Meetings of Bondholders

The Bond Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds, the Receipts, the Coupons or any of the provisions of the Bond Trust Deed (as more particularly described in the Bond Trust Deed). Such a meeting may be convened by the Issuer or the Bond Trustee and shall be convened by the Issuer if required in writing by Bondholders holding not less than ten per cent. in Outstanding Principal Amount of the Bonds for the time being remaining outstanding (other than in respect of a meeting requested by Bondholders to discuss the financial position of the Issuer and the Group, which shall be requested in accordance with, and shall be subject to, Condition 6.2(c) (*Information Covenants*)). The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing in aggregate more than 50 per cent. in Outstanding Principal Amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the Outstanding Principal Amount of the Bonds so held or represented, except that at any meeting the business of which includes any matter defined in the Bond Trust Deed as a Basic Terms Modification, including, *inter alia*, modifying the date of payment of any instalment of principal of the Bonds or any date for payment of interest thereon, reducing or cancelling the amount of

principal or the rate of interest payable in respect of the Bonds or altering the currency of payment of the Bonds, the Receipts or the Coupons, the quorum shall be one or more persons holding or representing in aggregate not less than 75 per cent. in Outstanding Principal Amount of the Bonds for the time being outstanding, or at any such adjourned meeting one or more persons holding or representing in aggregate not less than 25 per cent. in Outstanding Principal Amount of the Bonds for the time being outstanding. The Bond Trust Deed provides that:

- (a) a resolution passed at a meeting duly convened and held in accordance with the Bond Trust Deed by a majority consisting of not less than 75 per cent. of the votes cast on such resolution;
- (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in Outstanding Principal Amount of the Bonds for the time being outstanding; or
- (c) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Bond Trustee) by or on behalf of the holders of not less than 75 per cent. in Outstanding Principal Amount of the Bonds for the time being outstanding,

shall, in each case, be effective as an Extraordinary Resolution of the Bondholders. An Extraordinary Resolution passed by the Bondholders shall be binding on all the Bondholders, whether or not (in the case of Extraordinary Resolutions passed at any meeting) they are present at any meeting and whether or not they voted on the resolution, and on all Receiptholders and Couponholders.

17.2 Modification, Waiver, Authorisation and Determination

The Bond Trustee may agree, without the consent of the Bondholders, Receiptholders or Couponholders or any Secured Party, to any modification (except as stated in the Bond Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Bonds, the Bond Trust Deed, any Legal Mortgage or any other Transaction Document, or determine, without any such consent as aforesaid, that any Potential Event of Default or Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Bond Trustee, materially prejudicial to the interests of the Bondholders so to do or may agree, without any such consent as aforesaid, to any modification which, in the opinion of the Bond Trustee, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Bond Trustee, proven. Any such modification, waiver, authorisation or determination shall be binding on the Bondholders, the Receiptholders, the Couponholders and the Secured Parties and (unless the Bond Trustee otherwise agrees) shall be notified to the Bondholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

17.3 Bond Trustee to have regard to interests of Bondholders as a class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Bond Trustee shall have regard to the general interests of the Bondholders (excluding the Issuer, for so long as it holds any Bonds) as a class (but shall not have regard to any interests arising from circumstances particular to individual Bondholders, Receiptholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders, Receiptholders 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 Bond Trustee shall not be entitled to require, nor

shall any Bondholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Bond Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders, Receiptholders or Couponholders.

18 Indemnification and protection of the Bond Trustee and Bond Trustee contracting with the Issuer

The Bond Trust Deed contains provisions for the indemnification of the Bond Trustee and for its relief from responsibility and liability towards the Issuer, the Bondholders, the Receiptholders and the Couponholders, including:

- (a) provisions relieving it from taking action unless secured and/or indemnified and/or pre-funded to its satisfaction; and
- (b) provisions limiting or excluding its liability in certain circumstances.

The Bond Trustee is exempted from any liability in respect of any loss, diminution in value or theft of all or any part of the Issuer Charged Property, from any obligation to insure all or any part of the Issuer Charged Property (including, in either such case, any documents evidencing, constituting or representing the same or transferring any rights, benefits and/or obligations thereunder), or to procure the same to be insured.

The Bond Trust Deed also contains provisions pursuant to which the Bond Trustee is entitled, *inter alia*:

- (i) to enter into or be interested in any contract or financial or other transaction or other arrangement with the Issuer and/or any other Transaction Party or any person or body corporate associated with the Issuer and/or any Transaction Party; and
- (ii) to accept or hold the trusteeship of any other trust deed constituting or securing any other securities issued by, or relating to, the Issuer and/or any Transaction Party or any such person or body corporate so associated or any other office of profit under the Issuer and/or any Transaction Party or any such person or body corporate so associated.

The Bond Trustee shall not be bound to take any step or action in connection with the Bond Trust Deed or the Bonds or obligations arising pursuant thereto or pursuant to the other Transaction Documents, where it is not satisfied that it is indemnified and/or secured and/or pre-funded against all its liabilities and costs incurred in connection with such step or action and may demand, prior to taking any such step or action, that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so as to indemnify it.

The Bond Trustee shall have no responsibility for the validity, sufficiency or enforceability of the Issuer Security. The Bond Trustee shall not be responsible for monitoring the compliance by any of the other Transaction Parties with their obligations under the Transaction Documents, neither shall the Bond Trustee be responsible for monitoring the compliance by the Borrowers or any of the other parties to the Legal Mortgages and the Security Trust Deed of their obligations under the Legal Mortgages, the Security Trust Deed or any other document.

19 Further Issues

The Issuer shall be at liberty from time to time without the consent of the Bondholders, the Receiptholders or the Couponholders to create and issue further bonds having terms and conditions (and backed by the same assets) the same as the Bonds or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single series with the outstanding Bonds. Any further bonds so created and issued shall be constituted by a trust deed supplemental to the Bond Trust Deed.

20 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Bond 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

The Bond Trust Deed, the Loan Agreements, the Agency Agreement, the Account Agreement, the Bonds, the Receipts and the Coupons, and any non-contractual obligations or matters arising from or in connection with them, shall be governed by, and construed in accordance with, English law.

22 Submission to Jurisdiction

The Issuer has, in the Bond Trust Deed, irrevocably agreed for the benefit of the Bond Trustee, the Bondholders, the Receiptholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bond Trust Deed, the Bonds, the Receipts or the Coupons (including a dispute relating to non-contractual obligations arising out of or in connection with the Bond Trust Deed, the Bonds, the Receipts or the Coupons) and accordingly has submitted to the exclusive jurisdiction of the English courts.

The Issuer has, in the Bond Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Bond Trustee, the Bondholders, the Receiptholders and the Couponholders may take any suit, action or proceeding arising out of or in connection with the Bond Trust Deed, the Bonds, the Receipts or the Coupons respectively (including any suit, action or proceedings relating to any non-contractual obligations arising out of or in connection with the Bond Trust Deed, the Bonds, the Receipts or the Coupons) (together referred to as **Proceedings**) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

FORM OF THE NEW BONDS AND SUMMARY OF PROVISIONS RELATING TO THE NEW BONDS WHILE IN GLOBAL FORM

Form of the New Bonds

Form, Exchange and Payments

The New Bonds will be in bearer new global note (**NGN**) form and will be initially issued in the form of a temporary global bond (the **Temporary Global Bond**) which will be delivered on or prior to the New Bond Issue Date to a common safekeeper for Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**).

The New Bonds are intended to be held in a manner which will allow Eurosystem eligibility. This means that the New Bonds are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper and does not necessarily mean that the New Bonds 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. Bondholders should note that the European Central Bank has applied a temporary extension of Eurosystem eligibility to Sterling denominated securities, the effective date for this temporary extension being 9 November 2012. However, should this extension cease at any time during the life of the Bonds, the New Bonds will not be in a form which can be recognised as eligible collateral.

Whilst the New Bonds are represented by the Temporary Global Bond, payments of principal, interest (if any) and any other amount payable in respect of the New Bonds due prior to the Exchange Date (as defined below) will be made 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 Bond 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 the Temporary Global Bond is issued, interests in the Temporary Global Bond will be exchangeable (free of charge) upon a request as described therein for interests recorded in the records of Euroclear or Clearstream, Luxembourg, as the case may be, in a permanent global bond (the **Permanent Global Bond** and, together with the Temporary Global Bond and the permanent global bond representing the Original Bonds, the **Global Bonds**), against certification of beneficial ownership as described above unless such certification has already been given. The holder of the Temporary Global Bond 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 Bond for an interest in the Permanent Global Bond is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on the Permanent Global Bond will be made through Euroclear and/or Clearstream, Luxembourg without any requirement for certification.

On each occasion of a payment in respect of a Global Bond the Principal Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment.

The Global Bonds will be exchangeable (free of charge), in whole but not in part, for definitive Bonds with principal receipts, interest coupons and talons attached only upon the occurrence of an Exchange Event.

For these purposes, **Exchange Event** means that:

- (a) an Event of Default (as defined in Condition 12 (*Events of Default and Enforcement*)) has occurred and is continuing; or
- (b) 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 Bond Trustee is available; or
- (c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bonds represented by the relevant Global Bond in definitive form.

The Issuer will promptly give notice to Bondholders in accordance with Condition 15 (*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 Global Bond) or the Bond 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 (c) 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.

Legend concerning United States persons

The following legend will appear on all Bonds (other than the Temporary Global Bond) and on all principal receipts and interest coupons relating to the Bonds:

"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 the Bonds, principal receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of the Bonds, principal receipts or interest coupons.

Summary of Provisions relating to the Bonds while in Global Form

Notices

For so long as all of the Bonds are represented by one or more of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Bondholders (which includes, for this purpose, any Compliance Certificate or annual reports required to be made available pursuant to a request by any of the Bondholders pursuant to Condition 6.2 (*Information Covenants*)) may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders (as defined below) rather than by publication as required by Condition 15 (*Notices*). Any such notice shall be deemed to have been given to the holders of the Bonds on the second day after the day on which such notice was delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

For so long as all of the Bonds are represented by one or more of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to be given by any Bondholder may be given to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

Accountholders

For so long as any of the Bonds is represented by a Global Bond held on behalf of Euroclear and/or 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 nominal amount of such Bonds (the **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Bonds 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 as the holder of such nominal amount of such Bonds for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Bonds, for which purpose the bearer of the relevant Global Bond shall be treated as the holder of such nominal amount of such Bonds in accordance with and subject to the terms of the relevant Global Bond and the expressions **Bondholder** and **holder of Bonds** and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Bonds as aforesaid, the Bond 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.

Bonds which are represented by a Global Bond 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.

Prescription

Claims against the Issuer in respect of principal and interest on the Bonds represented by a Global Bond will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date.

Instalment Redemption and Cancellation

Reduction of the Outstanding Principal Amount of any Global Bond following its redemption in one or more instalments, and cancellation of any Bond represented by a Global Bond and required by the Conditions of the Bonds to be cancelled following its final redemption or purchase will be effected by entry in the records of Euroclear or Clearstream, Luxembourg, as the case may be.

Partial Redemption

For so long as all of the Bonds are represented by one or more of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, no selection of Bonds will be required under Condition 9.5 (*Notice of Early Redemption*) in the event that the Bonds are to be redeemed in part pursuant to Condition 9.2 (*Early Redemption*) or Condition 9.4 (*Mandatory Early Redemption*). In such event, the standard procedures of Euroclear and/or Clearstream, Luxembourg shall operate to determine which interests in the Global Bond(s) are to be subject to such redemption (and such redemption shall be reflected in the records of Euroclear and Clearstream, Luxembourg as either a reduction in the nominal amount of the Bonds or a reduction by the application of a pool factor at the discretion of Euroclear and Clearstream, Luxembourg).

Single Series

The New Bonds shall be consolidated and form a single series with the Original Bonds on and from the date on which, and to the extent that, interests in the Temporary Global Bond are exchanged for interests in the Permanent Global Bond, as described above. Such exchange shall not occur earlier than 40 days after the Temporary Global Bond is issued.

USE OF PROCEEDS

The Issuer estimates that the net amount of the proceeds of the issue of the New Bonds (other than the Retained Accrued Interest) will be £97,090,500. The net amount of the proceeds of sale of the New Retained Bonds to a third party will depend upon the sale price agreed in respect thereof, which will itself be dependent on market conditions at the relevant time.

The net proceeds from the issue of the New Bonds (other than the Retained Accrued Interest which will be retained by the Issuer in the Transaction Account) or, in the case of the New Retained Bonds, the net proceeds of the sale of the Bonds to a third party (after deduction of expenses payable by the Issuer) will be advanced by the Issuer to one or more Borrowers pursuant to the Loan Agreements to be applied in accordance with such Borrowers' constitutive documents (including, for the avoidance of doubt, the repayment of any existing indebtedness of such Borrower and any other amounts due and payable thereunder).

DESCRIPTION OF THE LOAN AGREEMENTS

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

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

Facility

Subject to the provisions of the bond loan agreement dated 5 February 2015, as supplemented by a supplemental bond loan agreement to be dated the New Bond Issue Date, (the **Original Loan Agreement**) between the Issuer, the Original Borrower and the Security Trustee, the Issuer:

- (a) committed to make a loan to the Original Borrower in the nominal amount of £175,000,000 (the **Original RHP Commitment**); and
- (b) shall commit to make a further loan to the Original Borrower in the nominal amount of £100,000,000 (the **New RHP Commitment** and, together with the Original RHP Commitment and any further commitments, the **RHP Commitment**).

The **Loan**, in respect of the Original Loan Agreement, is the nominal amount of the RHP Commitment that has been advanced to the Original Borrower or the outstanding balance thereof. The **New Loan**, in respect of the Original Loan Agreement, is the nominal amount of the New RHP Commitment that has been advanced to the Original Borrower or the outstanding balance thereof.

Upon the sale by the Issuer of Retained Bonds or the issue by the Issuer of any further Bonds pursuant to Condition 19 (*Further Issues*), the Issuer may commit (subject, with respect to sale proceeds of the Retained Bonds, to the Original RHP Commitment being reduced accordingly by the Original Borrower) to making a loan to the Original Borrower and/or one or more other charitable Registered Providers of Social Housing within the Group (together, the **Additional Borrowers** and each an **Additional Borrower** and, together with the Original Borrower, the **Borrowers**) in a nominal amount which reflects such sale or issue proceeds (each a **Commitment** and, together with the RHP Commitment, the **Commitments**) pursuant to the Original Loan Agreement or one or more additional bond loan agreements (each an **Additional Loan Agreement** and, together with the Original Loan Agreement, the **Loan Agreements**). The **Loan**, in respect of each Additional Loan Agreement, is the nominal amount of the Commitment that has been advanced to the relevant Additional Borrower or the outstanding balance thereof.

Each Commitment may be drawn in one or more drawings at any time prior to the date falling four Business Days prior to the initial Instalment Redemption Date and the maximum nominal amount of each drawing shall be an amount which corresponds to the Minimum Value of the Existing Properties and any Additional Properties which have, on or before the date of such drawing, been charged in favour of the Security Trustee, for the benefit of the Issuer, less the aggregate amount of all Commitments which have previously been drawn. Any amount of each Commitment which has not been drawn prior to the date falling four Business Days prior to the initial Instalment Redemption Date shall be cancelled and will no longer be capable of drawing.

The initial drawing of the New RHP Commitment shall be advanced at a premium in an amount equal to the nominal amount of such drawing multiplied by the Issue Price of the New Bonds (and, for the avoidance of doubt, the difference between the nominal amount of such drawing and the actual advance amount thereof shall be ignored in determining the amount of the New Loan under the Original Loan

Agreement and, *inter alia*, the calculation of interest, principal and premium payments payable in respect thereon).

The New RHP Commitment may not be drawn until the Security Trustee is satisfied that the value of the Issuer's Designated Security (based solely on the relevant confirmation from the Original Borrower and each Additional Borrower of the Minimum Value of the Properties forming part of the Issuer's Designated Security (which itself shall be evidenced by the relevant Valuation), which the Security Trustee is entitled to rely upon without further enquiry or investigation in respect thereof) is such that the Asset Cover Test is satisfied immediately following such drawing and, in respect of any part of a Commitment which is to be funded by the Issuer by a sale of Retained Bonds and/or an issue of further Bonds, the receipt by the Issuer of the net sale proceeds or issue proceeds thereof.

The Original Borrower has acknowledged (and each Additional Borrower will be required to acknowledge) that the Issuer may invest all or any part of the Retained Proceeds in Permitted Investments in accordance with the Custody Agreement and that, as a result of:

- (a) any losses made by the Issuer in respect of such Permitted Investments; and/or
- (b) any issue or sale of Bonds by the Issuer made at a discount to the nominal amount of such Bonds,

the amount of Retained Proceeds held by the Issuer, at the time of any drawdown request, may be less than the Undrawn Commitment which is to be funded from such Retained Proceeds. Each drawing to be funded from the Retained Proceeds shall be advanced in an amount equal to the Actual Advance Amount (which may be a discount to the nominal amount requested).

For this purpose, **Actual Advance Amount** means:

- (a) in respect of each drawing of the New RHP Commitment (other than a drawing which is to be funded by the sale of New Retained Bonds), the lesser of: (i) the nominal amount of such drawing multiplied by 129.504 per cent.; and (ii) the nominal amount of such drawing multiplied by the result of dividing (A) the amount of New Bond Retained Proceeds held by the Issuer at the time of the drawdown request (for the avoidance of doubt, after taking into account any losses suffered by the Issuer as a result of investing in Permitted Investments but, for this purpose, excluding any Permitted Investment Profit) by (ii) the Undrawn Commitment which is to be funded from such New Bond Retained Proceeds; and
- (b) in respect of each drawing of the New RHP Commitment which is to be funded by the sale of New Retained Bonds, the lesser of: (i) the principal amount of such drawing multiplied by the sale price of such New Retained Bonds (or the proportion thereof being sold to fund such drawing); and (ii) the principal amount of such drawing multiplied by the result of dividing (A) the amount of New Retained Bond Retained Proceeds held by the Issuer at the time of the drawdown request (for the avoidance of doubt, after taking into account any losses suffered by the Issuer as a result of investing in Permitted Investments but, for this purpose, excluding any Permitted Investment Profit), by (ii) the Undrawn Commitment which is to be funded from such New Retained Bond Retained Proceeds..

For the avoidance of doubt:

- (a) no Borrower shall be required to monitor the market value of any Permitted Investments;
- (b) any difference between the nominal amount of a drawing and the relevant Actual Advance Amount shall be ignored in determining the amount of the relevant Loan and, *inter alia*, the calculation of interest, principal and premium payments payable in respect thereon; and

- (c) any income received by the Issuer in respect of Permitted Investments shall not be credited to the Initial Cash Security Account but shall instead be credited to the Transaction Account in accordance with the Account Agreement.

The Issuer and the Original Borrower have agreed (and each Additional Borrower shall agree) that:

- (a) where the Issuer is required to sell any Permitted Investments to fund a drawing under a Loan Agreement and such sale results in a Permitted Investment Profit, the Issuer shall make a Gift Aid Payment to a Charitable Group Member in an amount equal to the Permitted Investment Profit and, for the avoidance of doubt, such drawing shall be advanced at the Actual Advance Amount; and
- (b) immediately prior to the end of each accounting period, to the extent that the Issuer would otherwise be required to recognise a profit for tax purposes in respect of its Permitted Investments and/or Retained Bonds as a result of the movement in the fair value recognised in its accounts of such Permitted Investments and/or Retained Bonds for that accounting period, the Issuer shall sell Permitted Investments in an aggregate amount equal to the Accounting Profit and shall, in the same accounting period or such later period permitted under section 119 of the Corporation Tax Act 2010, make a Gift Aid Payment to a Charitable Group Member in an amount equal to the Accounting Profit.

The Issuer and the Original Borrower have also agreed (and each Additional Borrower shall agree, to the extent that any Retained Bonds are held by the Issuer upon the date of its accession as a Borrower) that, upon a sale (if any) of the Retained Bonds by the Issuer:

- (a) in the event that such sale produces a Retained Bond Premium Amount, the Issuer shall make a Gift Aid Payment to a Charitable Group Member in an amount equal to the Retained Bond Premium Amount (which such obligation exists to the extent that there are net profits for corporation tax purposes in the accounting period in which the Gift Aid Payment is or would but for this subparagraph (a) otherwise be made or treated as made by section 199 of the Corporation Tax Act 2010) and, for the avoidance of doubt, where the Issuer is required to sell such Retained Bonds to directly fund a drawing under a Loan Agreement, such drawing shall be advanced at the Actual Advance Amount; and
- (b) where the Issuer is required to sell any Retained Bonds to directly fund a drawing under a Loan Agreement and such sale is made at a discount to the nominal amount of such Retained Bonds, such drawing shall be advanced at a discount in an amount equal to the Actual Advance Amount.

For the avoidance of doubt:

- (a) no Borrower shall be required to monitor the market value of any Retained Bonds; and
- (b) any difference between the nominal amount of a drawing and the relevant Actual Advance Amount shall be ignored in determining the amount of the relevant Loan and, *inter alia*, the calculation of interest, principal and premium payments payable in respect thereon.

The Original Borrower has agreed (and each Additional Borrower shall agree, to the extent that any Retained Bonds are held by the Issuer upon the date of its accession as a Borrower) that, where the Issuer is required to sell any Retained Bonds in order to fund a drawdown request, the Issuer's obligations to fund such drawdown will be subject to the ability of the Issuer to sell such Retained Bonds to a third party.

For so long as any Retained Bonds are held by or on behalf of the Issuer, a Borrower may request that an amount of its Commitment be cancelled (provided that such amount does not exceed the nominal amount of Retained Bonds held by or on behalf of the Issuer at that time). As soon as practicable following any such request, the Issuer shall cancel Retained Bonds in a corresponding amount. Such cancellation of the relevant Commitment shall take effect upon the cancellation of such Retained Bonds.

Subject to the conditions precedent set out in Clause 4.2 of the Original Loan Agreement and any corresponding clause in any Additional Loan Agreement, the Issuer may make further commitments to each Borrower, each in an amount to be agreed between the Issuer, the relevant Borrower and the Security Trustee, following the issuance of further bonds pursuant to Condition 19 (*Further Issues*).

Purpose

The proceeds of each Loan may only be used by a Borrower in accordance with such Borrower's constitutive documents, as permitted by its Constitutional Documents including, for the avoidance of doubt, the repayment of any existing indebtedness of such Borrower and any other amounts due and payable thereunder.

Interest

Rate of Interest

Following its advance, each Loan will carry interest at the rate of 3.25 per cent. per annum, payable in arrear by half yearly instalments on each Loan Payment Date (being four Business Days prior to each Interest Payment Date).

The amount of interest payable by the Original Borrower in respect of the Interest Payment Date immediately following the New Bond Issue Date will be reduced by an amount equal to the product of:

- (a) the Retained Accrued Interest and any interest received by the Issuer in respect of the Retained Accrued Interest from the Account Bank pursuant to the Account Agreement, multiplied by
- (b) the Advanced Percentage (being the nominal amount of the New RHP Commitment which has been drawn by the Original Borrower pursuant to Clause 3 of the Supplemental RHP Loan Agreement expressed as a percentage of the New RHP Commitment).

Interest Periods

Notwithstanding the fact that interest is payable on each Loan Payment Date, interest accrues or will accrue on each Loan from (and including) an Interest Payment Date to (but excluding) the immediately following Interest Payment Date (each, a **Loan Interest Period**).

In respect of the Supplemental RHP Loan Agreement, the first payment (for the period from and including 5 August 2020 to but excluding 5 February 2021) shall be made on the Loan Payment Date which is immediately prior to the Interest Payment Date on 5 February 2021.

Commitment Fee

Each Borrower shall pay to the Issuer a commitment fee in respect of its Undrawn Commitment on each Loan Payment Date in an amount equal to its pro rata share (based on the aggregate amount of all Undrawn Commitments of all Borrowers) of the aggregate of the interest payable by the Issuer under the Bonds on the following Interest Payment Date less:

- (a) the aggregate of the interest received from the Borrowers under all Loan Agreements on such Loan Payment Date;
- (b) the interest otherwise received by the Issuer in respect of the Retained Proceeds in the relevant Loan Interest Period (including, but not limited to, any income received by the Issuer in respect of any Permitted Investments in which any Retained Proceeds are, for the time being, invested); and
- (c) in respect of the Interest Payment Date immediately following the New Bond Issue Date, an amount equal to the product of:
 - (i) the Retained Accrued Interest and any interest received by the Issuer in respect of the Retained Accrued Interest from the Account Bank pursuant to the Account Agreement; and
 - (ii) the Retained Percentage (being the nominal amount of the New RHP Commitment which has not been drawn by the Original Borrower pursuant to Clause 3 of the Supplemental RHP Loan Agreement expressed as a percentage of the New RHP Commitment).

The commitment fee shall accrue on a daily basis.

Repayment, Purchase and Prepayment

Repayment

Each Borrower must repay its Loan in an amount equal to the relevant Instalment Repayment Amount four Business Days prior to each Instalment Redemption Date (each a **Loan Instalment Repayment Date** and, the final such Loan Instalment Repayment Date being, the **Loan Maturity Date**).

Instalment Repayment Amount means, in respect of a Loan Instalment Repayment Date, the aggregate nominal amount of the Loan outstanding immediately prior to any repayment on such Loan Instalment Repayment Date multiplied by the Instalment Redemption Proportion in respect of the immediately following Instalment Redemption Date.

Instalment Redemption Proportion means, in respect of each Instalment Redemption Date, the aggregate nominal amount of the Bonds to be redeemed on such Instalment Redemption Date divided by the aggregate nominal amount of the Bonds outstanding immediately prior to such redemption.

Bond Purchase

Each Borrower and any other member of the Group may at any time purchase Bonds on the London Stock Exchange, by tender (available to all Bondholders alike) or by private treaty at any price.

Following any such purchase, such Borrower or such other member of the Group may (but is not obliged to) surrender the Bonds to the Issuer to be cancelled. An amount of the outstanding balance of the relevant Loan equal to the Outstanding Principal Amount of the Bonds surrendered shall be deemed to be prepaid (or, to the extent that no Loan is then outstanding, then an amount of the relevant Undrawn Commitment equal to the Outstanding Principal Amount of the Bonds surrendered shall be deemed to be cancelled for the purposes of the relevant Loan Agreement and a corresponding portion of the Retained Proceeds shall be paid by the Issuer to the relevant Borrower or such other member of the Group).

The Original Borrower has acknowledged (and each Additional Borrower shall acknowledge) that the terms of the Bond Trust Deed provide that any Bonds which are for the time being held by or on behalf of, *inter alios*, a Borrower or any other member of the Group as beneficial owner shall be deemed not to remain outstanding for the purpose of, *inter alia*, the right to attend and vote at any meeting of the Bondholders.

Optional Prepayment

Pursuant to Clause 5.3 (*Optional Prepayment*) of the Original Loan Agreement or the corresponding clause in any Additional Loan Agreement, as applicable, each Borrower may, at any time (a) on or after the Final Retained Bond Disposal Date and (b) before the Loan Maturity Date, by giving not less than 45 nor more than 60 days' notice in writing to the Issuer and the Security Trustee, prepay the whole or (as the case may be) any part of the outstanding balance of its Loan, together with any interest accrued up to and including the date of prepayment and the relevant Prepayment Premium (being, for so long as any Bonds are outstanding, an amount equal to the excess of the amount notified to such Borrower by the Issuer as being the price determined under the Bond Trust Deed for the redemption of a corresponding nominal amount of the Bonds over the Outstanding Principal Amount and otherwise zero).

Mandatory Prepayment – Redemption of Bonds

If the Bonds become redeemable prior to the Maturity Date, other than as a result of a prepayment or termination of a Loan Agreement, each Borrower shall prepay, at least one Business Day prior to the relevant date of redemption of the Bonds, the outstanding balance of its Loan, together with accrued interest and accrued commitment fee thereon up to and including the date of redemption.

Mandatory Prepayment – Cancellation of Status

Pursuant to Clause 5.6 (*Mandatory Prepayment – Cancellation of Status*) of the Original Loan Agreement or the corresponding clause in any Additional Loan Agreement, as applicable, each Borrower shall promptly notify the Issuer and the Security Trustee if it ceases to be a Registered Provider of Social Housing. Within 180 days of such notification, such Borrower shall prepay the whole of the outstanding balance of its Loan, together with any interest and commitment fee accrued up to and including the date of prepayment, provided, however, that if such Borrower regains its status as a Registered Provider of Social Housing within such period of 180 days, it shall no longer be required to prepay its Loan in accordance with the above-mentioned Clause 5.6 (*Mandatory Prepayment – Cancellation of Status*) or such corresponding clause.

Redemption of Bonds – Further Payment in Respect of Retained Proceeds Par Amount

In the event that a Borrower elects to, or is otherwise required to, prepay the whole of the outstanding balance of its Loan and the Issuer is required to notify such Borrower of the price determined under the Conditions for the redemption of a corresponding Outstanding Principal Amount of the Bonds, then the Issuer shall be entitled to also take account of the redemption of such Outstanding Principal Amount of the Bonds (if no Commitment is put in place with another Borrower) that shall correspond to the Retained Proceeds Par Amount (being an amount equal to the Retained Proceeds including, where any Retained Proceeds are invested in Permitted Investments, the purchase price of the relevant Permitted Investments and ignoring, for these purposes, any increase or decrease in such Retained Proceeds as a result of gains or losses in respect of such Permitted Investments and/or any discount on a sale of Retained Bonds by the Issuer), and the price notified to such Borrower shall be increased accordingly.

Warranties and Covenants

Each Borrower will make various warranties and covenants pursuant to its respective Loan Agreement. These warranties and covenants include (or will include, as the case may be), *inter alia*, the following:

Information Covenants

Each Borrower must supply to the Issuer and the Security Trustee not later than 180 days after the end of each relevant financial year:

- (a) a copy of the consolidated audited financial statements of the Group Parent for such financial year; and
- (b) a certificate setting out, among other things, calculations in respect of the asset cover ratio substantially in the form set out in the Loan Agreement (the **Compliance Certificate**) signed by two Authorised Signatories of such Borrower.

Each Borrower must, following receipt of a notice from the Issuer stating that it intends to sell any Retained Bonds, supply to the Issuer and the Bond Trustee not later than three Business Days prior to the date of such sale, a certificate setting out, among other things, calculations in respect of the asset cover ratio substantially in the form set out in Schedule 3 to the Original Loan Agreement (the **Retained Bond Compliance Certificate**) signed by two Authorised Signatories of such Borrower confirming whether, immediately following such sale, the Borrowers will be in compliance with the Asset Cover Test.

Negative Pledge

No Borrower shall create or allow to exist any Security Interest on any assets which are Security Assets, except as set out in, in the case of the Original Borrower, Clause 8.2(c)(ii) (*General Covenants*) of the Original Loan Agreement and, in the case of any Additional Borrower, the corresponding clause in its Loan Agreement, which includes (or will include, as the case may be), the Security Interests created pursuant to, *inter alia*, the Security Trust Deed and the Legal Mortgages and any Security Interests created with the prior written consent of the Issuer or by operation of law.

Charged Properties

Each Borrower shall obtain any authorisation or licence required in order to enable the Security Trustee pursuant to the powers of enforcement conferred on it by the Security Documents to sell vacant Charged Properties and maintain insurances on and in relation to its Charged Properties.

Covenants

Each Borrower shall, unless the Security Trustee otherwise agrees in writing, comply in all material respects with any covenants or restrictive covenants relating to a Charged Property which are binding on it.

Guarantee and Indemnity

Pursuant to Clause 9 (*Guarantee and Indemnity*) of the Original Loan Agreement or the corresponding clause in any Additional Loan Agreement, as applicable, each Borrower has (or will have) irrevocably and unconditionally:

- (a) guaranteed to the Issuer the punctual performance by each other Borrower of all such Borrowers' obligations under, *inter alia*, their respective Loan Agreements, the Security Trust

Deed and their respective Legal Mortgages, other than each other Borrowers' obligations to repay principal and any prepayment premium thereon pursuant to their respective Loan Agreements (such amounts being, the **Guaranteed Interest and Fee Amounts**);

- (b) undertaken with the Issuer that, whenever any other Borrower does not pay any Guaranteed Interest and Fee Amounts when due under its respective Loan Agreement, the Security Trust Deed or its respective Legal Mortgage(s), it must, immediately on demand by the Security Trustee and/or the Issuer, pay the Guaranteed Interest and Fee Amounts as is if it were the principal obligor;
- (c) undertaken with the Issuer that, to the extent that the proceeds of the enforcement of the Underlying Security are insufficient to satisfy the Borrowers' obligations under their respective Loan Agreements in full (the shortfall being, the **Guaranteed Principal Amount**), it must, immediately on demand by the Security Trustee and/or the Issuer, pay the Guaranteed Principal Amount as if it were the principal obligor; and
- (d) agreed to indemnify the Issuer immediately on demand against any loss or liability suffered by the Issuer if any obligation guaranteed by it is or becomes illegal or invalid.

Asset Cover Ratio

Pursuant to Clause 10 (*Asset Cover Test*) of the Original Loan Agreement or the corresponding clause in any Additional Loan Agreement, as applicable, each Borrower shall procure that at all times the sum of:

- (a) the Minimum Value of the Properties forming part of the Issuer's Designated Security;
- (b) the Retained Proceeds Par Amount; and
- (c) the Charged Disposal Proceeds,

will not be less than the Aggregate Funded Commitment, provided however, that from and including the Final Charging Date, the Retained Proceeds Par Amount shall be deemed to be zero for the purpose of determining the Borrowers' compliance with the Asset Cover Test.

Interpretation

For these purposes:

Additional Properties means any Properties (other than the Existing Properties) which have been charged in favour of the Security Trustee, for the benefit of the Issuer, for the purpose of providing underlying security for the Bonds;

Aggregate Funded Commitment means the aggregate amount of the Commitments under all Loan Agreements, less the aggregate nominal amount of Retained Bonds held by or on behalf of the Issuer;

Designated Security means the assets, rights and property mortgaged or charged or assigned or the subject of any security created pursuant to any Legal Mortgage, the proceeds of which are allocated in the reduction of all monies, liabilities and obligations owing by the Borrowers to the Issuer under the Loan Agreements;

Existing Properties means the Properties which are, as at the New Bond Issue Date, charged in favour of the Security Trustee, for the benefit of the Issuer;

Final Charging Date means (a) in respect of the Retained Proceeds in respect of the Original Bonds, the date falling six months after the Original Issue Date and (b) in respect of the Retained Proceeds in respect of the New Bonds, the date falling six months after the New Bond Issue Date;

Minimum Value means:

$$\left(\frac{A}{105} + \frac{B}{115}\right) \times 100$$

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

The Properties forming part of the Issuer's Designated Security shall each be treated as EUV-SH Charged Properties for the purpose of determining the Minimum Value unless and until a Value, determined on the basis of MV-ST, is given by a Valuer in respect of any such Property and the Valuer has confirmed that it has reviewed a Certificate of Title in respect of such Property certifying that it may be disposed of by the relevant Borrower on an unfettered basis (meaning subject only to any existing tenancies disclosed in the Certificate of Title but not subject to any security interest, option or other encumbrance or to any restriction preventing or restricting its sale to, or use by, any person for residential use);

Property means all estates or interests of a Borrower in any freehold, heritable or leasehold property wheresoever situate now or in 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);

Retained Proceeds Par Amount means an amount equal to the Retained Proceeds at the time of calculation and, for this purpose, (a) where any Retained Proceeds are at that time invested in Permitted Investments, the amount of such Retained Proceeds shall be taken as the purchase price of the relevant Permitted Investments ignoring any gains or losses in respect of those Permitted Investments since the date of purchase and (b) where the source of any Retained Proceeds is the net sale proceeds of any Retained Bonds which were sold at a discount, the amount of such Retained Proceeds shall be taken as the nominal amount of such Retained Bonds; and

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).

Substitution and Release of Charged Properties and Statutory Disposals

Substitution

At the request and expense of a Borrower, the Security Trustee shall (subject to receiving instructions to do so and an amended Designated Properties Schedule from, *inter alios*, the Borrowers and the Issuer in accordance with the Security Trust Deed) release from the relevant Security Documents (and/or reallocate, if applicable) such of the Properties (the **Released Properties**) forming part of the Issuer's Designated Security and substitute for the Released Properties other Properties (each, a

Substitute Property) as may be selected by such Borrower, provided that such Borrower satisfies the conditions precedent specified in the applicable Loan Agreement in relation to the Substitute Properties. Such conditions precedent include, *inter alia*, a completed Substitute Property Certificate certifying, *inter alia*, that the relevant Substitute Property is a residential property of a type and nature that is usually owned by Registered Providers of Social Housing, that, immediately following such release (and/or reallocation, if applicable) and substitution, the Asset Cover Test will not be breached as a result of the substitution of the relevant Charged Properties and that no Event of Default or Potential Event of Default has occurred and is continuing, Valuation Reports in respect of each Substitute Property and a Certificate of Title in respect of the Substitute Properties.

Disposal Proceeds

Pending the acquisition of any proposed Substitute Property by the relevant Borrower, such Borrower may deposit the proceeds of disposal of the relevant Charged Properties which are released from charge under the relevant Security Documents into the Disposal Proceeds Account of the Issuer for the purpose of maintaining the Asset Cover Test (for the avoidance of doubt, no Borrower shall be required to monitor the market value of any Permitted Investments).

The Charged Disposal Proceeds may be withdrawn from the Disposal Proceeds Account:

- (a) to be applied by the relevant Borrower (provided, for the avoidance of doubt, that such Borrower continues, at such time, to be a Registered Provider of Social Housing) 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.

Notwithstanding the above, any Borrower may, at any time, deposit, or arrange for the deposit of, any other money into the Disposal Proceeds Account for the purposes of satisfying the Asset Cover Test.

The Original Borrower has acknowledged (and each Additional Borrower will be required to acknowledge) that the money standing to the credit of the Disposal Proceeds Account shall be charged in favour of the Bond Trustee pursuant to the terms of the Bond Trust Deed.

The Original Borrower has also acknowledged (and each Additional Borrower will be required to acknowledge) that the Issuer may invest all or any part of the Charged Disposal Proceeds in Permitted Investments in accordance with the Custody Agreement and that, as a result of any gains or losses made by the Issuer in respect of such Permitted Investments and any income received thereon (which shall, for the avoidance of doubt, be credited to the Disposal Proceeds Account), the amount of such Charged Disposal Proceeds may be greater or less than the amount deposited in the Disposal Proceeds Account by such Borrower. The Original Borrower has acknowledged (and each Additional Borrower will be required to acknowledge) that it shall not have any recourse to the Issuer in respect of any losses realised by the Issuer in respect of the Charged Disposal Proceeds as a result of investment in any Permitted Investments.

Following the redemption in full of the Bonds, the Issuer shall return any amount standing to the credit of the Disposal Proceeds Account to the relevant Borrowers, to the extent that such balance has not otherwise been applied in accordance with the terms of the Bond Trust Deed.

Release and reallocation

At the request and expense of a Borrower, the Security Trustee shall release (subject to receiving instructions to do so and an amended Designated Properties Schedule from the Borrowers and the Issuer in accordance with the Security Trust Deed) from the relevant Security Documents (and/or reallocate, if applicable) such Properties forming part of the Issuer's Designated Security as may be

selected by such Borrower, provided that such Borrower delivers to the Issuer and the Security Trustee a completed Property Release Certificate, certifying that, immediately following such release (and/or reallocation, if applicable), the Asset Cover Test will not be breached as a result of the release (and/or reallocation, if applicable) of such part of the Issuer's Designated Security and that no Event of Default or Potential Event of Default has occurred and is continuing.

Statutory Disposals

Each Borrower shall have the right to withdraw Property from the Issuer's Designated Security pursuant to any Statutory Disposal and the relevant Borrower shall deliver to the Issuer and the Security Trustee, as soon as reasonably practicable after it has received notice of such Statutory Disposal, a completed Statutory Disposal Certificate, certifying that the relevant withdrawal relates to a Statutory Disposal.

Additional Properties

Pursuant to Clause 3.2 (*Conditions precedent*) of the Security Trust Deed (see "*Additional Security*" below), on or prior to creating a Legal Mortgage in respect of any Property for the benefit of the Issuer, the relevant Borrower must, in respect of such security, provide the conditions precedent documents specified in the Security Trust Deed. In addition, pursuant to the Loan Agreement, the relevant Borrower must provide a completed Additional Property Certificate (signed by the relevant Borrower) confirming that, *inter alia*, the proposed Additional Properties are residential properties of a type and nature that are usually owned by Registered Providers of Social Housing; Valuation Reports in respect of each Additional Property; and a Certificate of Title in respect of each tranche of Additional Properties charged.

Valuations

Full Valuations

Each Borrower shall deliver a Valuation Report to the Issuer and the Security Trustee at least once in every period of five calendar years in accordance with Clause 12.1 (*Full Valuations*) of the Original Loan Agreement or the corresponding clause in any Additional Loan Agreement, as applicable. The next Valuation Report must be delivered within 60 days of 31 March 2025.

Desk Top Valuations

Each Borrower shall deliver to the Issuer and the Security Trustee a Desk Top Valuation (being a valuation prepared by a Valuer on a "desk-top" basis) in the period between 31 March and the date falling 120 days thereafter in each year other than a year in respect of which a Valuation Report is required to be delivered under Clause 12.1 (*Full Valuations*) of the Original Loan Agreement or the corresponding clause in any Additional Loan Agreement, as applicable. The next Desk Top Valuation must be delivered within 120 days of 31 March 2021.

Loan Events of Default and Enforcement

Borrower Default

Each of the following (which is set out in more detail in Clause 14 (*Borrower Default*) of the Original Loan Agreement and will be set out in more detail in the corresponding clause in any Additional Loan Agreement) is a **Borrower Default**:

- (a) **Non-payment:** The Borrower does not pay on the due date any amount payable by it under the Finance Documents in the manner required under the Finance Documents, unless the non-payment continues for a period of not more than seven days in the case of principal and not more than fourteen days in the case of interest.

- (b) **Breach of other obligations:** The Borrower fails to perform or observe any of its obligations under the Finance Documents (other than as referred to in (a) above and (l) below) and (except in any case where, in the opinion of the Security Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the Security Trustee on the Borrower of notice requiring the same to be remedied.
- (c) **Other non-payment:** (A) Any other present or future indebtedness of the Borrower for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Borrower fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned in (A), (B) or (C) above in this paragraph (c) have occurred equals or exceeds £10,000,000 or its equivalent in other currencies (as reasonably determined by the Security Trustee) (and provided further, for the avoidance of doubt, that the amounts mentioned in (A), (B) or (C) above in this paragraph (c) shall exclude the amount of any Public Sector Subsidy except for any Public Sector Subsidy which is or becomes due and payable to the relevant grant-making body or organisation).
- (d) **Enforcement Event:** An Enforcement Event occurs under a Finance Document.
- (e) **Winding-up:** Any order is made by any competent court or resolution passed for the winding up or dissolution of the Borrower save for the purposes of a Permitted Reorganisation or a reorganisation on terms previously approved in writing by the Security Trustee.
- (f) **Cessation of Business:** The Borrower ceases or threatens to cease to carry on the whole or, as determined by the Security Trustee, substantially the whole of its business, save for the purposes of a Permitted Reorganisation or a reorganisation on terms previously approved in writing by the Security Trustee.
- (g) **Failure or inability to pay debts:** The Borrower stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent.
- (h) **Insolvency:** Any of the insolvency related events occurs or proceedings against the Borrower are taken as referred to in Clause 14.9 (*Insolvency*) of the Original Loan Agreement or the corresponding clause in the relevant Additional Loan Agreement, as applicable, (which exclude, or will exclude, any Permitted Reorganisation or reorganisation on terms previously approved in writing by the Security Trustee).
- (i) **Insolvency Proceedings:** The Borrower initiates or consents to the proceedings referred to in Clause 14.10 (*Insolvency Proceedings*) of the Original Loan Agreement or the corresponding clause in the relevant Additional Loan Agreement, as applicable, (which exclude, or will exclude, any Permitted Reorganisation or reorganisation on terms previously approved in writing by the Security Trustee).
- (j) **Arrangement with creditors:** The Borrower 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) (which exclude any

Permitted Reorganisation or reorganisation on terms previously approved in writing by the Security Trustee).

- (k) **Unlawfulness:** It is or becomes unlawful for the Borrower to perform any of its obligations under the Finance Documents to which it is a party.
- (l) **Breach of the Asset Cover Test:** The Borrower fails to perform its obligations under Clause 10 (*Asset Cover Ratio*) of the Original Loan Agreement (or the corresponding clause in the relevant Additional Loan Agreement, as applicable) and (except in any case where, in the opinion of the Security Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 60 days next following the service by the Security Trustee on the Borrower of notice requiring the same to be remedied.

For these purposes **Permitted Reorganisation** means any amalgamation, merger, consolidation or transfer of engagements (whether entering into or acceptance thereof) of the whole of any Borrower's property (including, for the avoidance of doubt, any statutory procedure as provided for under the Cooperative and Community Benefit Societies Act 2014 (if applicable)) made between such Borrower (**Party A**) and any other entity (**Party B**) provided that (i) Party B is a Registered Provider of Social Housing and any new amalgamated entity to be created as a result thereof will be a Registered Provider of Social Housing; (ii) following any such amalgamation, merger, consolidation or transfer of engagements in respect of which the property of Party A (including, for the avoidance of doubt, any liabilities) shall become vested in Party B or a new amalgamated entity, Party B or such new amalgamated entity will thereafter be responsible for all the liabilities of Party A pursuant to the Cooperative and Community Benefit Societies Act 2014 or otherwise; and (iii) a certificate executed by two authorised signatories of Party A or Party B confirming the above is provided to the Bond Trustee.

Obligation to Notify the Issuer and the Security Trustee

Each Borrower shall notify the Issuer and the Security Trustee of any Borrower Default (and the steps, if any, being taken to remedy it) or potential Borrower Default in respect of its Loan Agreement promptly upon becoming aware of the same. The Issuer shall also notify the Security Trustee of any Borrower Default or potential Borrower Default promptly upon becoming aware of the same (unless the Issuer is aware that a notification has already been provided by the relevant Borrower) including, but not limited to, the non-payment by a Borrower of any amounts owing to the Issuer under its Loan Agreement on the due date for payment thereof.

Borrower Default Notice

Following the occurrence of a Borrower Default (but in the case of the happening of any of the events described in paragraphs (b) (*Breach of other obligations*), (c) (*Other non-payment*), (j) (*Arrangement with creditors*) and (k) (*Unlawfulness*) above, only if the Security Trustee shall have certified in writing to the Borrower that such event is, in its opinion, materially prejudicial to the interests of the Issuer), the Issuer may declare by notice to the relevant Borrower either:

- (a) that the security for the relevant Loan has become, whereupon the security for the relevant Loan shall become, immediately enforceable (and the Issuer shall notify the Security Trustee of the same in accordance with the Security Trust Deed); and/or
- (b) (irrespective of whether a notice to the effect set out in (a) shall have already been given) that the relevant Loan has become due and repayable, whereupon that Loan shall become immediately due and repayable at the outstanding balance thereof together with accrued interest, premium (if any) and any other amounts and the security therefor shall become immediately enforceable.

Enforcement

If the security constituted under any Security Documents for the benefit of the Issuer becomes enforceable as a result of the service of a notice pursuant to Clause 14.15 (*Borrower Default Notice*) of the Original Loan Agreement (or the corresponding clause in any Additional Loan Agreement), then the Security Trustee or any Receiver (where appropriate) shall hold the monies arising from any sale, calling in, collection or conversion under, or otherwise arising from the exercise of, the powers of conversion contained in the Security Documents after the security has become enforceable upon trust to apply the same:

- (a) first, in payment or retention of all costs, charges, expenses and liabilities incurred in or about the exercise of such powers or otherwise in accordance with the Security Documents and payments made by the Security Trustee, any Appointee or any Receiver in accordance with the Security Documents and of all remuneration payable to the Security Trustee, any Appointee or any Receiver in accordance with the Security Documents with interest thereon as provided in the Security Documents;
- (b) second, in or towards payment to the Issuer of all interest then due and remaining unpaid on the relevant Loan and all commitment fees then due and remaining unpaid;
- (c) third, in or towards payment to the Issuer of all principal and premium (if any) then due and remaining unpaid in respect of the relevant Loan; and
- (d) fourth, in or towards payment to the Issuer of all other amounts then due and remaining unpaid under the relevant Loan Agreement.

Taxes

Each Borrower must make all payments to be made by it to the Issuer under, *inter alia*, its Loan Agreement, its Legal Mortgage(s) and the Security Trust Deed, without any deduction or withholding for or on account of tax, unless a deduction or withholding is required by law.

If a deduction or withholding from any such payment is required by law to be made by a Borrower, the amount of the payment due from such Borrower shall be increased to an amount which (after making such deduction or withholding) leaves an amount equal to the payment which would have been due if no deduction or withholding had been required.

If, as a result of any actual or proposed change in tax law, the Issuer determines (in its reasonable commercial judgement) that it would on the next following Interest Payment Date be required to make a withholding or deduction in respect of payments to be made by the Issuer to the Bondholders pursuant to the Conditions (other than in respect of a Bondholder Specific Withholding), it shall notify each Borrower of the same. Each Borrower may (but, for the avoidance of doubt, shall not be obliged to), in its sole discretion, pay to the Issuer its *pro rata* share of such additional amounts as will enable the Issuer (after such withholding or deduction) to pay to the Bondholders the amounts of principal and interest which they would have received in respect of the Bonds in the absence of such withholding or deduction. Each Borrower shall continue to pay such additional amounts to the Issuer unless and until such Borrower delivers to the Issuer a notice stating that it shall cease to make such additional payments with effect from the next following Interest Payment Date.

In the event that one or more Borrowers does not choose to make such additional payments (or indicates that it intends to cease to make such additional payments), the remaining Borrowers may (but, for the avoidance of doubt, shall not be obliged to), in their sole discretion, pay to the Issuer such increased amount as will enable the Issuer (after such withholding or deduction) to pay to the Bondholders the amounts of principal and interest which they would have received in respect of the Bonds in the absence

of such withholding or deduction. If the remaining Borrowers (either collectively or individually) do not choose to make such payments and as a result the Issuer will not have sufficient funds to pay the additional amounts in respect of the Bonds, the Issuer shall not opt to pay such additional amounts (or, having so opted, will notify the Bond Trustee and the Bondholders of its intention to cease paying such additional amounts) and the Bonds shall be redeemed in accordance with Condition 9.3 (*Early Redemption for Tax Reasons*), whereupon each Borrower shall be required to prepay the outstanding balance of its Loan, together with accrued interest and accrued commitment fee thereon up to and including the date of redemption.

Governing Law

Each Loan Agreement, and any non-contractual obligations or matters arising from or connected with it, are governed by and shall be construed in accordance with English law.

DESCRIPTION OF THE LEGAL MORTGAGES AND THE SECURITY TRUST DEED

The Issuer's obligations in respect of the Bonds are secured pursuant to the Bond Trust Deed in favour of the Bond Trustee for the benefit of itself and the Bondholders and the other Secured Parties by the Issuer Security, which includes an assignment by way of security of the Issuer's rights, title and interest arising under the Legal Mortgages and the Security Trust Deed.

The following description of the Legal Mortgages and the Security Trust Deed consists of a summary of certain provisions of the Legal Mortgages and the Security Trust Deed and is qualified by reference to the detailed provisions thereof. The Legal Mortgages and the Security Trust Deed are not, however, incorporated by reference into, and therefore do not form part of, this Prospectus.

Definitions used in this section but not otherwise defined in this Prospectus have the meanings given to them in the Legal Mortgages and/or the Security Trust Deed.

References in this section to the Security Trust Deed refer to the Security Trust Deed dated 6 September 2013 between, inter alios, the Original Borrower and the Security Trustee. However, any other security trust deed to be entered into by an Additional Borrower with the Security Trustee for the purpose of creating security in respect of its obligations under its Additional Loan Agreement shall be entered into on substantially the same terms and in a form approved by the Bond Trustee.

LEGAL MORTGAGES

The Original Borrower has, in relation to the Existing Properties, entered into Legal Mortgages dated 5 February 2015, 7 December 2017, 28 September 2018, 18 March 2020 and 15 September 2020. The Borrowers shall, in relation to any additional properties to be charged by them as underlying security for the Bonds, enter into further Legal Mortgages substantially in the form set out in the Security Trust Deed (each a **Legal Mortgage**).

Fixed Charges

Pursuant to the Legal Mortgages, the Original Borrower has charged (and the other Borrowers will charge) with full title guarantee, as security for the payment of all Secured Obligations in favour of the Security Trustee for the benefit of itself and, *inter alios*, the Issuer:

- (a) by way of a first fixed legal mortgage all the property specified therein (the **Mortgaged Property**) together with all buildings and Fixtures, erections and structures thereon or in the course of construction thereon, the proceeds of sale of all or any part thereof and (so far as the same are capable of being mortgaged) the benefit of any covenants for title given or entered into by any predecessor in title of such Borrower and any monies paid or payable in respect of such covenants; and
- (b) by way of first fixed charge:
 - (i) all plant and machinery (except for the Fixtures within (a) above) now or in the future owned by such Borrower and its interest in any plant and machinery in its possession which form part of or are operated by such Borrower on the Mortgaged Property;
 - (ii) all benefits in respect of the Insurances and all claims and returns of premiums in respect thereof;
 - (iii) the benefit of all present and future licences, consents and authorisations (statutory or otherwise) held in connection with the Security Assets and the use of any of the Security

Assets specified in (a) and (b)(i) above and the right to recover and receive all compensation which may at any time become payable to it in respect thereof; and

- (iv) if and in so far as the legal mortgage set forth in (a) above or the assignments set forth in the section entitled "*Assignment*" below shall for any reason be ineffective as legal mortgages or assignments, the assets referred to therein.

Assignments

Pursuant to the Legal Mortgages, the Original Borrower has covenanted (and the other Borrowers will covenant) with full title guarantee as security for payment of the Secured Obligations that, on the request of the Security Trustee, it shall following the occurrence of an Enforcement Event which has occurred and is continuing (unremedied or unwaived and not remedied within any applicable grace period) assign, to the Security Trustee for the benefit of itself and, *inter alios*, the Issuer (to the fullest extent assignable or capable of assignment without first infringing any contracted provision restricting the same) all of its rights, title and interest in and to:

- (a) the personal agreements and covenants (still subsisting and capable of being enforced) by the tenants, lessees, licensees or other parties under the Letting Documents and by all guarantors and all security held by such Borrower from time to time whether present or future in respect of the obligations of the tenants, lessees, licensees or other parties under the Letting Documents (including, without limiting the generality of the foregoing, all monies due and owing to such Borrower or which may become due and owing to such Borrower at any time in the future in connection therewith and any rent arrears or service charges due at any time from any tenants, lessees, licensees or other parties under the Letting Documents, regardless of whether such amounts became due before or after the date of such Legal Mortgage);
- (b) all agreements now or from time to time entered into or to be entered into to enable the charging of the Security Assets and for the sale, letting or other disposal or realisation of the whole or any part of the Security Assets (including, without limiting the generality of the foregoing, all monies due and owing to such Borrower or which may become due and owing to such Borrower at any time in the future in connection therewith);
- (c) all agreements, contracts, deeds, licences, undertakings, guarantees, covenants, warranties, representations and other documents (including all documents entered into now or in the future so as to enable such Borrower to perfect its rights under such Legal Mortgage or any such agreement, contract, deed, licence, undertaking, guarantee, covenant, warranty, representation or other documents) now or hereafter entered into by or given to such Borrower in respect of the Mortgaged Properties and all claims, remedies, awards or judgments paid or payable to such Borrower (including, without limitation, all liquidated and ascertained damages payable to such Borrower under the above) in each case relating to the Mortgaged Properties;
- (d) all licences held now or in the future in connection with the relevant Mortgaged Property and also the right to recover and receive all compensation which may at any time become payable to such Borrower in relation to the relevant Mortgaged Property;
- (e) all rights and claims to which such Borrower is now or may hereafter become entitled in relation to any development, construction project, redevelopment, refurbishment, repair or improvement of or on the relevant Mortgaged Property;
- (f) all guarantees, warranties, bonds and representations given or made now or hereafter by, and any rights or remedies against, all or any of the designers, builders, contractors, surveyors, valuers, professional advisers, sub-contractors, manufacturers, suppliers and installers of any Fixtures in respect of the relevant Mortgaged Property; and

- (g) all rental income and disposal proceeds in each case relating to the relevant Mortgaged Property which has not been assigned pursuant to paragraphs (a), (b) and (c) above and the right to make demand for and receive the same.

Representations, Warranties and Undertakings

The Original Borrower has made (and, in respect of any additional properties to be charged, the relevant Borrower shall make) various representations in respect of the Mortgaged Property including as to ownership, planning permission, covenants and security interests. In addition, the Original Borrower has undertaken (and, in respect of any additional properties to be charged, the relevant Borrower shall undertake) to, *inter alia*, repair, insure, pay taxes in respect of and comply with all leases in respect of, the Mortgaged Property.

Enforcement of Security

Each Legal Mortgage provides, or will provide, that upon and after an Enforcement Event has occurred and is continuing (and has not been remedied within any applicable grace period), the security created by or pursuant to such Legal Mortgage will be immediately enforceable and the Security Trustee may enforce all or any part of such security (at the times, in the manner and on the terms it thinks fit) and take possession of and hold or dispose of all or any part of such security subject to the terms of, *inter alia*, the relevant Loan Agreements.

The Legal Mortgages further entitle, or shall entitle, the Security Trustee and, *inter alios*, the Issuer to be indemnified out of the Security Assets in respect of, *inter alia*, all liabilities and expenses properly incurred by them in the execution or purported execution of any of the powers, authorities or discretions vested in them pursuant to the Legal Mortgages.

Governing Law

The Legal Mortgages (and any non-contractual obligations arising out of or in connection with them) are or will be governed by, and shall be construed in accordance with, the laws of England.

SECURITY TRUST DEED

The benefit of the security created by the Borrowers pursuant to the Legal Mortgages shall be held by the Security Trustee on trust for the benefit of itself and, *inter alios*, the Issuer on the terms of the Security Trust Deed.

The Security

Designation of Security Assets

The Security Trust Deed provides that the Borrowers and the Issuer shall schedule and agree the allocation of properties which shall comprise the Issuer's Designated Security in respect of the Loan Agreements. All properties which do not comprise the Designated Security of any Beneficiary shall form the Undesignated Security.

Additional Security

Pursuant to Clause 3.2 (*Conditions precedent*) of the Security Trust Deed, on or prior to creating a Legal Mortgage in respect of any Charged Property, the relevant Borrower will deliver to the Security Trustee the documentation relating thereto as set out therein. Such documents must be in the form and substance satisfactory to the Security Trustee and the Issuer.

Release and Reallocation of Security

Pursuant to the terms of the Security Trust Deed, the Borrowers and the Issuer may agree to amend the Issuer's Designated Security by either removing apportioned Charged Property from the Issuer's Designated Security or by apportioning any Undesignated Security to the Issuer's Designated Security by, *inter alia*, delivering an amended Designated Properties Schedule (as prepared by the relevant Borrower) signed by each Borrower and the Issuer to the Security Trustee.

At any time prior to the Security Trustee taking any steps to enforce the Undesignated Security, upon receiving instructions from the relevant Borrower, the Security Trustee shall release the benefit of any encumbrance, rights or obligations held by it over the Undesignated Security provided that such Borrower shall have paid to the Security Trustee, or provided for to the satisfaction of the Security Trustee, all Trustee Costs which relate to that Undesignated Security.

Any such release or reallocation will be subject to the requirements set out in the Loan Agreements (see "*Description of the Loan Agreements*" above).

Application of Proceeds

Upon the enforcement of, *inter alia*, all rights vested in the Security Trustee by virtue of, or pursuant to, its holding the interests conferred on it by the Security Documents, and after satisfying claims which at law rank in priority to sums owing under or in respect of any of the Loan Agreements, the Security Trustee shall apply all Proceeds and all money derived therefrom:

- (a) in respect of any Beneficiary's Designated Security in the following order:
 - (i) first, in or towards payment of all Relevant Trustee Costs;
 - (ii) second, in or towards satisfaction when due of all Relevant Liabilities of the Relevant Beneficiary (other than Relevant Trustee Costs) in accordance with the Relevant Documents in respect of the Relevant Liabilities;
 - (iii) third, by allocating the balance among the Beneficiaries whose Relevant Liabilities have not been fully discharged under (ii) above *pro rata* to their unpaid liabilities so that the amount allocated to each Beneficiary shall be applied in satisfaction when due of the Relevant Liabilities owed to such Beneficiary arising in connection with the relevant Relevant Document in the order of priority set out therein (and so that, in each case, any surplus remaining after payment of all such Relevant Liabilities when due shall be re-allocated among the remaining Beneficiaries *mutatis mutandis* in accordance with the foregoing provisions);
 - (iv) fourth, to the extent not recovered under (i) above, in or towards payment of all Trustee Costs; and
 - (v) fifth, to the relevant Borrower; and
- (b) in respect of any Undesignated Security in the following order of priority:
 - (i) first, to the extent not recovered under paragraph (a) above, in or towards payment of all Trustee Costs;
 - (ii) second, by allocating the balance among the Beneficiaries whose Relevant Liabilities have not been fully discharged under paragraph (a) above *pro rata* to their unpaid liabilities so that the amount allocated to each Beneficiary shall be applied in satisfaction

when due of the Relevant Liabilities owed to such Beneficiary arising in connection with the relevant Relevant Document in the order of priority set out therein (and so that, in each case, any surplus remaining after payment of all such Relevant Liabilities when due shall be re-allocated among the remaining Beneficiaries mutatis mutandis in accordance with the foregoing provisions); and

- (iii) third, to the relevant Borrower.

Enforcement of Security

Pursuant to Clause 8 of the Security Trust Deed, the Security Trustee shall only be required to take action to enforce or protect the security in respect of the Loan Agreements if so instructed by the Issuer (and may in its discretion elect not to act pending receipt of an indemnity and/or security to its reasonable satisfaction from the Issuer).

In respect of instructions given by the Issuer, the Issuer has assigned its rights under, *inter alia*, the Legal Mortgages and the Security Trust Deed to the Bond Trustee and, pursuant to Condition 6.3, has covenanted not to take any action or direct the Security Trustee to take any action pursuant thereto except with the prior consent of the Bond Trustee. The Bond Trustee may, but is not obliged to, seek the consent of the Bondholders in accordance with the Bond Trust Deed prior to giving any such consent.

In enforcing the Issuer Security (including the Issuer's rights, title and interests in the Legal Mortgages and the Security Trust Deed insofar as they relate to the Bonds) the Bond Trustee may act in its discretion. It is, however, required to take action, pursuant to Condition 12.2, where so directed by the requisite majority of the Bondholders provided, however, that it is secured and/or indemnified and/or pre-funded to its satisfaction.

Governing Law

The Security Trust Deed, and any non-contractual obligations or matters arising from or connected with it, are governed by, and shall be construed in accordance with, English law.

ADDITIONAL BORROWERS

Prior to, and as a condition precedent to, any member of the Group becoming an Additional Borrower, the Security Trust Deed shall (unless such Additional Borrower enters into a new security trust deed on substantially the same terms as the Security Trust Deed) be amended and restated (in a form and substance satisfactory to the Security Trustee) to permit the accession of such member of the Group as an Additional Borrower and the creation of security by it for the benefit of the Security Trustee and, *inter alios*, the Issuer in the form and manner described above.

DESCRIPTION OF THE ACCOUNT AGREEMENT, THE CUSTODY AGREEMENT AND THE RETAINED BOND CUSTODY AGREEMENT

The Issuer has appointed Citibank, N.A., London Branch as its Account Bank pursuant to the Account Agreement, its Custodian pursuant to the Custody Agreement and its Retained Bond Custodian pursuant to the Retained Bond Custody Agreement, in each case in relation to the issue of the Bonds.

Citibank, N.A. is a company incorporated with limited liability in the United States of America under the laws of the City and State of New York on 14 June 1812 and reorganised as a national banking association formed under the laws of the United States of America on 17 July 1865 with Charter number 1461 and having its principal business office at 399 Park Avenue, New York, NY 10043, USA and having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB with a foreign company number FC001835 and branch number BR001018.

The London Branch is authorised and regulated by the Office of the Comptroller of the Currency (USA) and authorised by the Prudential Regulation Authority. It is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority.

The following description of the Account Agreement, the Custody Agreement and the Retained Bond Custody Agreement consists of a summary of certain provisions of the Account Agreement, the Custody Agreement and the Retained Bond Custody Agreement and is qualified by reference to the detailed provisions thereof. The Account Agreement, the Custody Agreement and the Retained Bond Custody Agreement are not, however, incorporated by reference into, and therefore do not form part of, this Prospectus.

Definitions used in this section but not otherwise defined in this Prospectus have the meanings given to them in the Account Agreement, the Custody Agreement and/or the Retained Bond Custody Agreement.

ACCOUNT AGREEMENT

Accounts

The Account Bank maintains three accounts for the Issuer in respect of the Bonds: the Transaction Account, the Initial Cash Security Account and the Disposal Proceeds Account.

Initial Deposits

Pursuant to the Account Agreement, the Issuer shall on the New Bond Issue Date:

- (a) credit the Initial Cash Security Account with the Retained Proceeds (if any) to the extent that such amount is not invested directly in Permitted Investments which shall be deposited in the Initial Cash Security Custody Sub-Account;
- (b) credit the Transaction Account with the Retained Accrued Interest in respect of the New Bonds (other than the New Retained Bonds); and
- (c) credit the Transaction Account with the net issue proceeds of the New Bonds (less the amounts referred to above) to the extent that such amount is not paid directly to the Original Borrower pursuant to, and in accordance with, the Original Loan Agreement.

The Issuer shall, upon receipt, credit to the Disposal Proceeds Account all amounts received from a Borrower pursuant to Clause 11.3 (*Disposal Proceeds*) of the Original Loan Agreement (or the corresponding clause in the relevant Additional Loan Agreement, as applicable).

Retained Bond Deposits

Pursuant to the Account Agreement, the Issuer shall, upon the sale of any Retained Bonds:

- (a) credit the Initial Cash Security Account with the net sale proceeds of such Retained Bonds (less any Retained Bond Premium Amount), to the extent that such amount is not paid directly to a Borrower pursuant to, and in accordance with, a Loan Agreement; and
- (b) credit the Transaction Account with the Retained Bond Premium Amount (if any), pending application in accordance with the Conditions.

Future Deposits and Withdrawals

The Issuer has covenanted, pursuant to the Bond Trust Deed that:

- (a) prior to the enforcement of the Issuer Security, payments from the Initial Cash Security Account shall only be made to fund:
 - (i) the Commitments pursuant to, and in accordance with the terms of, the Loan Agreements;
 - (ii) payment to a Borrower or another member of the Group in respect of any Bonds surrendered for cancellation in accordance with a Loan Agreement;
 - (iii) the purchase of Permitted Investments pursuant to the Custody Agreement; or
 - (iv) redemptions of the Bonds in accordance with the Conditions;
- (b) prior to the enforcement of the Issuer Security, payments from the Disposal Proceeds Account may only be made to a Borrower pursuant to, and in accordance with the terms of, the relevant Loan Agreement or to purchase Permitted Investments in accordance with the Custody Agreement; and
- (c) no payments from the Transaction Account will be made other than in accordance with the Conditions and the Issuer has undertaken to procure that amounts are paid into and out of the Transaction Account only in accordance with the Conditions, the Account Agreement and the Agency Agreement.

The Account Bank is under no obligation to monitor compliance with the above covenants.

Interest

Any monies standing to the credit of the Transaction Account, the Initial Cash Security Account and/or the Disposal Proceeds Account will earn interest daily at the rate of overnight LIBOR less 0.25 per cent. The Account Bank shall be entitled to vary the rate of interest at its discretion. Interest will be credited to or debited from the relevant Account in accordance with the Account Bank's usual practices.

Pursuant to the Account Agreement, interest accrued or due on the Transaction Account and the Initial Cash Security Account shall be credited to or debited from the Transaction Account and interest accrued or due on the Disposal Proceeds Account shall be credited to or debited from the Disposal Proceeds Account.

Change of Account Bank

The appointment of the Account Bank may, with the prior written approval of the Bond Trustee, be terminated upon 45 days' written notice or forthwith at any time the Account Bank is adjudged bankrupt or insolvent. The appointment of the Account Bank shall also be terminated in the event that the short-term senior, unsecured and unguaranteed indebtedness rating of the Account Bank as assigned by S&P falls below "A-1" (or such other rating as may be agreed with S&P from time to time) or is withdrawn and there are amounts standing to the credit of the Initial Cash Security Account and/or the Disposal Proceeds Account (subject to the Issuer using all reasonable endeavours to secure the appointment of a replacement Account Bank within 30 days of notice to the Bond Trustee and S&P of such termination)).

The Account Bank may resign its appointment upon giving at least 60 days' written notice (subject to the appointment of a replacement Account Bank).

Pursuant to the Account Agreement, the appointment of any replacement Account Bank shall be subject to the prior written approval of the Bond Trustee, be on substantially the same terms as the Account Agreement and be subject to the condition that it must have a short-term senior, unsecured and unguaranteed indebtedness rating from S&P of no less than "A-1" (or such other rating as may be agreed with S&P from time to time).

CUSTODY AGREEMENT

Custody Account

Pursuant to the Custody Agreement, the Custodian maintains, in the name of the Issuer, the Disposal Proceeds Custody Sub-Account and the Initial Cash Security Custody Sub-Account (the **Custody Sub-Accounts**) and the Disposal Proceeds Cash Sub-Account and the Initial Cash Security Cash Sub-Account (the **Cash Sub-Accounts** and, together with the Custody Sub-Accounts, the **Custody Account**).

Payments and Delivery

The Issuer has authorised the Custodian to make payments and delivery out of the Custody Account only for the purpose of any acquisition or sale of Permitted Investments or as provided below.

Pursuant to the Custody Agreement, unless otherwise instructed pursuant to Instructions to make a payment out of the proceeds of any Distributions in respect of Permitted Investments purchased by or on behalf of the Issuer in the settlement of an acquisition of other Permitted Investments on or prior to the date of receipt of such Permitted Investments (subject as provided below), the Issuer has agreed to give Instructions to the Custodian, forthwith upon receipt by the Custodian of any Distributions, to transfer:

- (a) all Distributions credited to the Disposal Proceeds Cash Sub-Account to the Disposal Proceeds Account;
- (b) all Distributions (including any amount representing Permitted Investment Profit (if any)) credited to the Initial Cash Security Cash Sub-Account (other than Distributions which represent redemption and/or sale proceeds less any Permitted Investment Profit (if any)) to the Transaction Account; and
- (c) all Distributions credited to the Initial Cash Security Cash Sub-Account (other than those to be credited to the Transaction Account pursuant to (b) above) to the Initial Cash Security Account,

subject, in each case, to any deductions in respect of any taxes or levies required by any revenue or governmental authority.

The Issuer has agreed that it shall not instruct the Custodian pursuant to Instructions to make a payment out of the proceeds of any Distributions standing to the credit of the Initial Cash Security Cash Sub-Account other than Distributions which represent redemption and/or sale proceeds (but excluding any amount representing Permitted Investment Profit (if any)) and that such amounts shall forthwith upon receipt be transferred to the Transaction Account in accordance with (b) above.

Change of Custodian

The Custodian, on giving not less than 30 days' notice to the Issuer and the Bond Trustee, or (with the prior written approval of the Bond Trustee) the Issuer, on giving not less than 45 days' notice to the Custodian, may terminate the appointment of the Custodian, provided that any termination by the Custodian shall not take effect until a successor has been duly appointed, unless the Custodian shall resign due to a change in any applicable law or regulation to which the Custodian may be subject and such change causes the performance by the Custodian of its duties under the Custody Agreement to be in violation of such law or regulation, whereupon such resignation shall take effect immediately. The Issuer may, with the prior written approval of the Bond Trustee, terminate the appointment of the Custodian forthwith if at any time the Custodian is adjudged bankrupt or insolvent. The appointment of the Custodian shall also be terminated, with the prior written consent of the Bond Trustee, in the event that the short-term senior, unsecured and unguaranteed indebtedness rating of the Custodian as assigned by S&P falls below "A-1" (or such other rating as may be agreed with S&P from time to time) or is withdrawn and there are Permitted Investments standing to the credit of the Custody Account (subject to the appointment of a replacement Custodian).

Pursuant to the Custody Agreement, the appointment of any replacement Custodian shall be subject to the prior written approval of the Bond Trustee, be on substantially the same terms as the Custody Agreement and be subject to the condition that it must have a short-term senior, unsecured and unguaranteed indebtedness rating from S&P of no less than "A-1" (or such other rating as may be agreed with S&P from time to time).

RETAINED BOND CUSTODY AGREEMENT

Retained Bond Custody Account

Pursuant to the Retained Bond Custody Agreement, the Retained Bond Custodian maintains, in the name of the Issuer, the Retained Bond Custody Account (the **Retained Bond Custody Account**).

Payments and Delivery

The Issuer has authorised the Retained Bond Custodian to make payments and delivery out of the Retained Bond Custody Account only as provided below.

Pursuant to the Retained Bond Custody Agreement, the Retained Bond Custodian shall not effect a transfer of any Retained Bonds except with the prior written consent of the Bond Trustee in the form of a Retained Bond Consent Letter which has been countersigned on behalf of the Bond Trustee.

Pursuant to the Retained Bond Custody Agreement, unless otherwise instructed pursuant to Instructions to make a payment out of any Sale Proceeds (other than any Retained Bond Premium Amount) to a Borrower in satisfaction of the Issuer's obligation to make an advance pursuant to the relevant Loan Agreement, the Issuer shall give Instructions to the Retained Bond Custodian, forthwith upon receipt by the Retained Bond Custodian of any Sale Proceeds to transfer:

- (a) all Sale Proceeds (other than any Retained Bond Premium Amount) to the Initial Cash Security Account; and
- (b) all Retained Bond Premium Amounts to the Transaction Account, in each case, subject to any withholding as required by applicable tax laws.

Payment Waiver

Notwithstanding any other provision of the Retained Bond Custody Agreement to the contrary and subject to the following paragraph, the Issuer has, pursuant to Clause 6 of the Retained Bond Custody Agreement, unconditionally and irrevocably:

- (a) waived its rights to receive payments of interest, principal or otherwise in respect of the Retained Bonds and, for the avoidance of doubt, such waiver by the Issuer of such rights will continue to be effective following the occurrence of an Event of Default or Potential Event of Default;
- (b) authorised the Retained Bond Custodian to disclose the waiver referred to in (a) above in respect of the Retained Bonds (and the Retained Bonds position with the Retained Bond Custodian) to the Principal Paying Agent and any applicable international clearing system for the Retained Bonds to ensure that the waiver of the right to receive payments of interest, principal or otherwise in respect of the Retained Bonds is effected; and
- (c) directed the Retained Bond Custodian, in respect of each Retained Bond held by the Retained Bond Custodian on behalf of the Issuer in the Retained Bond Custody Account in definitive certificated form:
 - (i) on each Interest Payment Date, to surrender the interest coupon for such Retained Bond corresponding to such Interest Payment Date to the Principal Paying Agent for cancellation;
 - (ii) on each Instalment Redemption Date, to surrender the principal receipt for such Retained Bond corresponding to such Instalment Redemption Date to the Principal Paying Agent for cancellation; and
 - (iii) to surrender the definitive certificate representing such Retained Bond to the Principal Paying Agent for cancellation on any date on which the Retained Bonds are to be redeemed in full.

The Retained Bond Custodian and the Issuer have each acknowledged and agreed that the waiver, authorisation and direction provided by the Issuer as described above are irrevocable except with the prior written consent of the Bond Trustee in the form of a Retained Bond Consent Letter which has been countersigned on behalf of the Bond Trustee.

Termination of Retained Bond Custody Agreement

Either of the Issuer or the Retained Bond Custodian may terminate the Retained Bond Custody Agreement by giving to at least 60 days' prior written notice to the other party.

Pursuant to the Retained Bond Custody Agreement, the Issuer has covenanted for the benefit of the Bond Trustee that, in the event that the Retained Bond Custody Agreement is terminated, it shall appoint a successor custodian to hold the Retained Bonds on substantially the same terms as the Retained Bond Custody Agreement, in particular, but without limitation to, the payment waiver and transfer restrictions applicable to the Retained Bonds, as described above.

DESCRIPTION OF THE ISSUER

Incorporation and Status

RHP Finance PLC (the **Issuer**) is a public limited company incorporated in England and Wales on 27 November 2014 under the Companies Act 2006 with registered number 09331195.

The registered address of the Issuer is 8 Waldegrave Road, Teddington, Middlesex TW11 8GT. The telephone number of its registered address is 0800 0322433.

The website of the Issuer is www.rhp.org.uk. The information on the Issuer's website does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus. See "*Documents Incorporated by Reference*" below.

The Issuer has no subsidiaries.

Principal Activities

The Issuer is a special purpose vehicle established for the purpose of issuing asset backed securities, namely the Bonds, and incurring other indebtedness (including other secured indebtedness but subject to the covenant set out in Condition 6.1 (*General Covenants*)) and, in either case, lending the proceeds thereof to the Borrowers to be applied in accordance with each Borrower's constitutive documents.

Directors

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

Name	Principal Activities outside the Issuer
Corinna Bishopp	Executive Director of Finance of the Original Borrower
David Done OBE	Chief Executive and Board Member of the Original Borrower Board Member of Golding Homes
Stephen Speak	Board Member of the Original Borrower
John Newbury	Board Member and Chair of the Original Borrower Non-executive Director of LiveWest

The business address of each of the above directors is 8 Waldegrave Road, Teddington, Middlesex TW11 8GT.

The secretary of the Issuer is Corinna Bishopp whose business address is 8 Waldegrave Road, Teddington, Middlesex TW11 8GT.

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 other duties. Each of the directors of the Issuer is a board member or employee of the Original Borrower. A conflict of interest could therefore arise if these directors are required to approve any transactions between the Issuer and the Original Borrower, such as the Original Loan Agreement. However, the Issuer's Articles of Association provide that, so long as directors disclose the nature and extent of such a conflict, they may nevertheless vote on behalf of the Issuer in respect of such transactions.

The Issuer has no employees but has available to it the treasury and business resources of the Original Borrower to enable it to administer its business and perform its obligations.

Share Capital and Major Shareholders

The entire issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each, all of which are paid up to 25 pence.

The Original Borrower holds all of the shares of the Issuer.

The Original Borrower exercises control over the Issuer through its full ownership of the Issuer.

Operations

On 5 February 2015 the Issuer issued £175,000,000 3.25 per cent. Secured Bonds due 2048, £35,000,000 in principal amount of which (the **Original Retained Bonds**) were immediately repurchased by the Issuer. On 17 September 2019, the Issuer agreed a forward sale of the Original Retained Bonds directly with a purchaser thereof, the settlement date for which is 17 September 2020.

Recent Developments

There have been no recent events particular to the Issuer that are, to a material extent, relevant to the evaluation of the Issuer's solvency.

DESCRIPTION OF THE GROUP AND THE ORIGINAL BORROWER

THE GROUP

The Original Borrower is the parent company of the Richmond Housing Partnership group (the **Group**). The Original Borrower has three active subsidiaries: the Issuer, Co-op Homes (South) Limited (**Co-op Homes**) and RHP Develop Limited. Co-op Homes is a co-operative within the meaning of the Co-operative and Community Benefit Societies Act 2014, with registered number 25197R. Co-op Homes is a secondary housing co-operative which owns or manages more than 1,200 homes, across west London, Slough and Reading. The Original Borrower also has a dormant subsidiary: RHP Property Limited.

RICHMOND HOUSING PARTNERSHIP LIMITED

Incorporation and Status

Richmond Housing Partnership Limited (the **Original Borrower**) was incorporated, on 17 February 2000, as a private company limited by guarantee under the Companies Acts 1985 – 2006 with registered number 03930837. On 1 April 2010, it converted to an industrial and provident society and is currently a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014, with registered number 30939R. It is registered as a non-profit Registered Provider of Social Housing with the Regulator (with registered number L4279) and is also an exempt charity. The Original Borrower is affiliated to the National Housing Federation.

The registered office of the Original Borrower is 8 Waldegrave Road, Teddington, Middlesex TW11 8GT. The telephone number of its registered address is 0800 0322433.

The website of the Original Borrower is www.rhp.org.uk. The information on the Original Borrower's website does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus. See "*Documents Incorporated by Reference*" below.

Background and History

The Original Borrower commenced trading in July 2000, having accepted the transfer of around 8,600 homes previously owned by the London Borough of Richmond. The Original Borrower is an organisation which defines itself through its vision to deliver outstanding customer service and it has continually improved and developed strategies to achieve this since the stock transfer. The Original Borrower complies with the decent homes deadline of 2010 and aims to exceed the Decent Homes Standard in all of its properties.

In 2005, Co-op Homes joined the Group. Co-op Homes owns 300 properties and manages 954 properties on behalf of other Co-operative organisations in West London, Reading and Slough.

In 2018, two additional subsidiaries to the Original Borrower were incorporated: RHP Develop Limited and RHP Property Limited. RHP Develop Limited started limited trading as a development vehicle in the financial year ending 2021. RHP Property Limited remains dormant.

The Original Borrower has a detailed five year stock investment plan and invests £7 to 9 million per financial year in major works to properties.

The Original Borrower has a targeted disposals strategy. This is limited to high value properties where the Original Borrower has limited other stock. Properties are only considered for disposal as they become vacant.

Principal Activities of the Original Borrower

The Original Borrower's overall aim is delivering quality housing services to diverse communities. Its principal activities are the management and development of social housing and related support.

The Original Borrower provides housing for rent, primarily for families who are unable to rent or buy at open market rates, and supported housing for people who need additional housing related support. The Original Borrower also provides property management services to a large number of leaseholders.

Over the past seven years, the Original Borrower has added 725 homes to its stock, 186 homes acquired from other providers and 539 newly built homes (an average of 77 per year). It has undertaken a range of development projects, including office to residential conversion, land acquisition, s106 and package deals with contractors. The current committed development programme is fully funded and needs no further funding until July 2022.

The Original Borrower is a Registered Provider of Social Housing (whose activities are regulated by the Regulator) which owns and manages over 7,209 tenanted and 1,998 leasehold homes across the London Borough of Richmond and surrounding local authority areas. It is charitable and operates the following primary business streams:

- general needs housing for rent by people who are unable to buy or rent on the open market;
- leasehold services to people who own properties;
- sheltered accommodation for older people; and
- a small commercial portfolio of shops and garages.

The demand for homes in the London Borough of Richmond is exceptionally high. 4,613 people were on the Richmond Borough Council waiting list as at July 2020. House prices in Richmond are consistently higher than the London average and weekly rent levels of the Original Borrower are around 33 per cent. of the private market rent in the local area.

Objectives and Strategy

The Original Borrower's vision and summary of its 5 year strategy are set out in its 2019 - 2020 Financial Statements. Its vision is to provide decent quality, affordable homes to people unable to rent or buy in the local private housing market, to deliver excellent housing and to support the development of strong successful communities.

The existing 5 year strategy and direction can be summarised as follows:

- maintain financial strength;
- deliver a modern, digitally enabled housing service;
- build more homes; and
- provide a great place to work.

The Original Borrower aims to achieve business growth enabling it to deliver more homes and a wider range of services to match the needs and aspirations of existing and future customers.

The Original Borrower has received a number of awards and accolades including the Investors in People Platinum Award and was placed in 24 Housing's "Top 50 Landlords". The Original Borrower has also been awarded the 5* British Safety Council award for the last 4 years and was the second housing association in the country to be awarded BS9997 accreditation (first to transfer from PAS7) for its fire safety management system. The Original Borrower has a current Trustpilot rating of 4.2.

As at April 2020, 94 per cent. of employees who took part in a survey were satisfied with working at the Original Borrower.

Environmental, Social and Governance (ESG)

The Original Borrower's approach to ESG components is essential to how it creates a better business and a better society.

The Original Borrower's three key areas of focus with respect to the environment are as follows:

- *Innovative approach to housing, including Launchpod and leading 'Building Better' programme:* The Original Borrower is leading the 'Building Better' programme driving a sector wide approach to procuring a framework of modular/offsite build housing. The programme is supported by the National Housing Federation and is a strategic alliance of housing associations working together to realise the benefits of offsite manufacture.
- *SMART Technology:* The Original Borrower is trialling SMART technology in new and existing homes to establish the impact on the customer experience and efficiency by reducing the costs of ongoing repairs and maintenance in its homes.
- *Improving the EPC rating of its stock:* The Original Borrower is keen to ensure it improves the EPC rating of its stock, with particular focus on those properties below a band C. The Original Borrower has a target date of before 2030 to ensure all of its properties achieve this rating.

The Original Borrower's key areas of focus with respect to the social impact it has are:

- *Provision of more housing in an area of acute need:* The Original Borrower has a programme of development focused on providing more affordable housing in an area of acute need, however in addition is seeking to provide housing for the forgotten 'middle market' of young renters unable to get on the housing ladder. Its new letting standard including carpeting and decorations in all re-let properties is sector leading in ensuring that all customers moving into a new home are able to do so without significant additional expenditure.
- *Supporting customers through tough times:* The Original Borrower has invested substantially in benefits experts to support customers through all aspects of Welfare Reform and is recognised by the Department of Work and Pensions as leading the sector in its advice. It has also provided a hardship fund for customers through the recent pandemic.
- *For its employees:* The Original Borrower provides a health and mental wellbeing benefits package to employees including subsidised gym membership, a cash plan health insurance scheme and mental health first aiders within the organisation. It has run a successful apprenticeship *scheme* for over 10 years creating job opportunities for local young people.
- *Diversity and inclusion:* A key part of the values and culture of the Original Borrower is to create an environment where everyone can be themselves and is treated fairly and equally. The Original Borrower has a Single Equality Scheme (SES). This is a document that outlines the Original Borrower's strategy for embedding inclusive practices as a fundamental part of its day

to day business as well as setting out a framework to support the legal obligations detailed in the Equality Act 2010.

Board

The board members of the Original Borrower and their principal activities outside the Original Borrower, where these are significant with respect to the Original Borrower, are as follows:

Name	Principal Activities outside the Original Borrower
John Newbury	Director of the Issuer Non-executive Director of LiveWest
Suzanne Avery	Trustee at Land Aid Senior Advisor at Centrus Advisors LLP Non-executive Director of LondonMetric Property Plc
David Done OBE	Director of the Issuer Board Member of Golding Homes
Toby D'Olier	None
Chris Ling	None
Jenine Langrish	Member of Risk and Audit Committee at Gateway Housing
Stephen Speak	Director of the Issuer
Nigel Taylor	Lieutenant Colonel in the Engineer and Logistics Staff Corps Non-Executive Chair of Red Door Ventures Chief Operating Officer, Southern Holdings Limited Joint Owner of Taylor Bates, Carlton and San UK
Jane Gallifent	Director of Development and Sales at Aster Housing Group
Sarah Weller	None

The business address of each of the above board members is 8 Waldegrave Road, Teddington, Middlesex TW11 8GT.

The executive team of the Original Borrower comprises David Done OBE as the Chief Executive, Corinna Bishopp as the Executive Director of Finance, Tim Willcocks as the Executive Director of Development, Lucy Graley as the Executive Director of People and Business and Peter Cogan as the Executive Director of Customer Services.

The secretary of the Original Borrower is Lucy Graley whose business address is 8 Waldegrave Road, Teddington, Middlesex TW11 8GT.

Subject as follows, there are no potential conflicts of interest between any duties to the Original Borrower of the board members of the Original Borrower and their private interests and/or other duties. David Done OBE, Stephen Speak and John Newbury are also directors of the Issuer which is (a) the lender under the Original Loan Agreement with the Original Borrower and (b) a beneficiary of the security created by the Original Borrower under the relevant Security Agreements. Their duties to the Issuer may conflict with their duties to the Original Borrower in determining matters regarding the Original Loan

Agreement and any Legal Mortgages. However, in acting in either capacity there is an overriding duty to act in the best interests of the respective entity.

Toby D'Olier is a leaseholder of the Original Borrower. He has a potential conflict of interest in his capacity as a member of the board of the Original Borrower and his status as a leaseholder of the Original Borrower because of the impact that the decisions of the board of the Original Borrower may have on his day-to-day living as a leaseholder.

With regard to managing any of these potential conflicts, any interest of board members must be disclosed by way of a standing disclosure at the outset of the board meeting before matters are discussed and, if it is not expressly permitted under the rules of the Original Borrower, any such board member must absent himself and take no further part in the proceedings.

Corporate Governance

The Original Borrower has adopted and complies with the principal recommendations of the National Housing Federation (**NHF**) Code of Governance (revised).

The Original Borrower has a number of key committees:

- *Group Audit Committee*: the committee's primary role is to independently contribute to the board's overall process for ensuring that an effective internal control system is maintained within the Group. One member of the Co-op Homes board sits on the committee;
- *Governance and Remuneration Committee*: ensures effective governance arrangements and determines a comprehensive remuneration policy for the organisation that is appropriate to its needs and objectives;
- *Group Investment Committee*: oversees the financial position of the Original Borrower and Co-op Homes and any other entities that may at any time become subsidiaries of the Original Borrower, by providing the boards of all of these organisations with a means of detailed review of the financial performance and activities of the organisations. Ensures effective oversight of the Group's development, asset management and treasury activity and strategies to ensure compliance with loan covenants and appropriate planning for long-term funding of the Group. One member of the Co-op Homes board sits on the committee; and
- *Service Delivery Committee*: ensures that, within policy and financial constraints, the Original Borrower uses its property stock effectively and efficiently, providing high quality services to customers.

Internal control systems

The board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. This responsibility applies to all organisations within the Group.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing. The Board and its Group Audit Committee receive and consider reports from management on these risk management and control arrangements regularly during the year.

The Group Audit Committee and board have received the Chief Executive's annual review of the effectiveness of the system of internal control for the Group, and the annual report of the internal auditor, and has reported its findings to the board. In the most recent annual report, the internal auditors confirmed that the organisation's systems of internal controls continue to demonstrate a "strong control environment".

Share Capital and Major Shareholders

The Original Borrower has 19 shares in issue of £1 each which carry no rights to dividends or other income.

Shares in issue are not capable of being repaid or transferred. The 19 members are committed to a maximum liability of £1 each in the event of the Original Borrower being wound up. Of the 19 members, five are tenant members (none of whom are board members), thirteen are independent members (with eight being board members) and one is a leaseholder member (also a board member) of the Original Borrower.

Corporate Rating

The Original Borrower has been assigned a credit rating of "A+" by S&P. S&P is established in the European Union and is registered under the CRA Regulation. As such, S&P is included in the list of credit rating agencies published by the ESMA on its website in accordance with the CRA Regulation.

Recent Developments

There have been no recent events particular to the Original Borrower that are, to a material extent, relevant to the evaluation of the Original Borrower's solvency.

Insurance

The Original Borrower has covenanted, pursuant to Clause 8.2(d)(ii) of the Original Loan Agreement, that it shall maintain insurance on and in relation to its Charged Properties and its business and assets with reputable underwriters or insurance companies against such risks and to such extent, subject to all fair and reasonable excesses imposed by the insurers or underwriters or such other fair and reasonable excesses agreed between the insurers/underwriters and the Original Borrower, as is usual (in each case) for Registered Providers of Social Housing carrying on a business such as that carried on by it and whose practice is not to self insure. The Original Borrower has entered into insurance policies underwritten by UK Insurance Limited (trading as NIG) under policy number 6116890.

Alternative Performance Measures

The Original Borrower believes that certain financial measures that are not recognised by the Original Borrower Accounting Standards, but are derived from the information provided in its Financial Statements, provide additional useful information regarding its ongoing operating and financial performance.

These measures are not recognised measures under the Original Borrower Accounting Standards, do not have standardised meanings prescribed by the Original Borrower Accounting Standards and should not be considered in isolation or construed to be alternatives to measures pursuant to the Original Borrower Accounting Standards. The Original Borrower's method of calculating these measures may differ from the method used by other entities, including other Registered Providers of Social Housing. Accordingly, certain of the financial performance measures presented in this Prospectus may not be comparable to similarly titled measures used by other entities or in other jurisdictions, including other Registered Providers of Social Housing. Consequently, these measures should not be considered

substitutes for the information incorporated by reference in the financial statements set out in the section headed "Documents incorporated by reference" below and should be read in conjunction therewith.

In particular, the Original Borrower uses the financial measures set out in the table below to evaluate its business performance. References to the financial statements in the table below are to the Original Borrower's audited consolidated annual financial statements, which include the report of the board, strategic report, independent auditor's report and annual accounts thereon.

Metric	Definition	Reconciliation	Additional Information
Operating Margin (Overall) (VFM)	Operating Surplus less Gain/ loss on Disposal of Housing Properties divided by Turnover	'Operating Surplus' is taken from the Group's Statement of Comprehensive Income in the Financial Statements. 'Gain on Disposal of Housing Properties' is taken from the Group's Statement of Comprehensive Income in the Financial Statements. 'Turnover' is taken from the Group's Statement of Comprehensive Income in the Financial Statements.	Measures surplus generated from turnover on day-to-day activities. This indicates operating efficiency and business health.
Net Surplus	Total comprehensive income for the year as defined under FRS102.	'Total Comprehensive Income' is taken from the Statement of Comprehensive Income in the Financial Statements.	
EBITDA MRI Interest Cover (VFM)	Operating Surplus (overall) less Gain/loss on Disposal of Housing Properties, Amortised Government Grants and Capitalised Major Repairs adding back Depreciation, Accelerated Depreciation and Interest Receivable and Similar Income divided by Interest Payable and Financing Costs (excluding loan break costs)	'Operating Surplus' is taken from the Group's Statement of Comprehensive Income in the Financial Statements. 'Gain on Disposal of Housing Properties' is taken from the Group's Statement of Comprehensive Income in the Financial Statements. 'Amortised Government Grants' is taken from Note 3 to the Financial Statements. 'Capitalised Major Repairs' is taken from "Works to existing properties" in Note 12 to the Financial Statements. 'Depreciation' is taken from Note 3 to the Financial Statements. 'Accelerated Depreciation' is taken from Note 3 to the Financial Statements. 'Interest Receivable and Similar Income' is taken from Note 7 to the Financial Statements. 'Interest Payable and Financing Costs' is taken from the sub-total (less interest capitalised) in Note 8 to the Financial Statements.	An approximation of cash generated, as a percentage of interest. This shows the level of headroom in meeting interest payments on outstanding debt.
Drawn Debt		'Drawn Debt' is taken from the total (less capitalised finance costs) in Note 21 to the Financial Statements.	

Metric	Definition	Reconciliation	Additional Information
Gearing (VFM)	Total Loans and Borrowings less Cash and Cash Equivalents divided by Housing Properties at Cost	'Total Loans and Borrowings' is taken from Note 21 to the Financial Statements. 'Cash and Cash Equivalents' is taken from the Statement of Financial Position. 'Housing Properties at Cost' is "Net Book Value at 31 March 2020" in Note 12 to the Financial Statements.	This shows the proportion of borrowing in relation to the size of our asset base.
3 year interest cover	The last 3 years of the following: Operating Surplus less Amortised Government Grants, Pension Deficit Payments and Capitalised Major Repairs adding back Depreciation and Accelerated Depreciation divided by Net Interest Payable (Interest Payable and Financing Costs less Interest Receivable excluding Loan Break Costs)	Original Borrower only 'Operating Surplus' is taken from the Original Borrower's Statement of Comprehensive Income in the Financial Statements. 'Amortised Government Grants' is taken from Note 3 of the Financial Statements. 'Pension Deficit Payment' is taken from Note 9 in the Financial Statements 'Capitalised Major Repairs' is taken from "Works to existing properties" in Note 12 to the Financial Statements. 'Depreciation' is taken from Note 3 to the Financial Statements. 'Accelerated Depreciation' is taken from Note 3 to the Financial Statements. 'Interest Receivable and Similar Income' is taken from Note 7 to the Financial Statements. 'Interest Payable and Financing Costs' is taken from the sub-total (less interest capitalised) in Note 8 to the Financial Statements. 'Interest Receivable' is taken from Note 7 to the Financial Statements	An approximation of cash generated, as a % of interest over the previous 3 years. This shows the level of headroom in meeting interest payments on outstanding debt.
1 year interest cover	Operating Surplus less, Amortised Government Grants, Pension Deficit Payments and Capitalised Major Repairs adding back Depreciation and Accelerated Depreciation divided by Net Interest Payable (Interest Payable and Financing Costs less Interest Receivable,	Original Borrower only 'Operating Surplus' is taken from the Original Borrower's Statement of Comprehensive Income in the Financial Statements. 'Amortised Government Grants' is taken from Note 3 to the Financial Statements. 'Pension Deficit Payment' is taken from Note 9 to the Financial Statements. 'Capitalised Major Repairs' is taken from 'Works to existing properties' in Note 12 to the Financial Statements.	An approximation of cash generated, as a percentage of interest. This shows the level of headroom in meeting interest payments on outstanding debt.

Metric	Definition	Reconciliation	Additional Information
	excluding Loan Break Costs)	<p>'Depreciation' is taken from Note 3 to the Financial Statements.</p> <p>'Accelerated Depreciation' is taken from Note 3 to the Financial Statements.</p> <p>'Interest Receivable and Similar Income' is taken from Note 7 to the Financial Statements.</p> <p>'Interest Payable and Financing Costs' is taken from the sub-total (less interest capitalised) in Note 8 to the Financial Statements.</p> <p>'Interest Receivable' is taken from Note 7 to the Financial Statements</p>	
Gearing	<p>Total Loans and Borrowings</p> <p>less Cash and Cash Equivalents</p> <p>divided by Housing Properties at Cost</p>	<p>Original Borrower only</p> <p>'Total Loans and Borrowings' is taken from Note 21 to the Financial Statements.</p> <p>'Cash and Cash Equivalents' is taken from the Statement of Financial Position in the Financial Statements.</p> <p>'Housing Properties at Cost' Is 'Net book value at 31 March 2020' in Note 12 to the Financial Statements.</p>	This shows the proportion of borrowing in relation to the size of our asset base. Please note that this gearing calculation is slightly different from the gearing calculation in the VfM metric as is calculated on the Original Borrower only.
Asset Cover	Total value of Loan Security divided by amount of drawn loans	<p>Original Borrower only</p> <p>'Total Loans and Borrowings' is taken from Note 21 to the Financial Statements.</p> <p>Loan Security is as estimated by management based on asset value at EUV-SH informed by our valuation reports as required</p>	This shows the extent to which we have sufficient asset value to secure against our current and potential new debt.
EBITDA/ Revenues	<p>Operating Surplus</p> <p>less Gain/loss on Disposal of Housing Properties and Amortised Government Grants</p> <p>adding back Depreciation and Accelerated Depreciation</p> <p>divided by Turnover</p>	<p>Original Borrower only</p> <p>'Operating surplus' is taken from the Original Borrower's Statement of Comprehensive Income in the Financial Statements.</p> <p>'Gain on Disposal of Housing Properties' is taken from the Original Borrower's Statement of Comprehensive Income in the Financial Statements.</p> <p>'Amortised Government Grants' is taken from Note 3 to the Financial Statements.</p> <p>'Depreciation' is taken from Note 3 to the Financial Statements.</p>	

Metric	Definition	Reconciliation	Additional Information
		<p>'Accelerated Depreciation' is taken from Note 3 to the Financial Statements.</p> <p>'Turnover' is taken from the Original Borrower's Statement of Comprehensive Income in the Financial Statements</p>	
EBITDA/ Interest Cover	<p>Operating Surplus</p> <p>less Gain/loss on Disposal of Housing Properties and Amortised Government Grants</p> <p>adding back Depreciation and Accelerated Depreciation</p> <p>divided by Interest Payable (excluding Loan Break Costs)</p>	<p>Original Borrower only</p> <p>'Operating surplus' is taken from the Original Borrower's Statement of Comprehensive Income in the Financial Statements.</p> <p>'Gain on disposal of housing properties' is taken from the Original Borrower's Statement of Comprehensive Income in the Financial Statements.</p> <p>'Amortised Government Grants' is taken from Note 3 to the Financial Statements.</p> <p>'Depreciation' is taken from Note 3 to the Financial Statements.</p> <p>'Accelerated Depreciation' is taken from Note 3 to the Financial Statements.</p> <p>'Interest Payable and Financing Costs' is taken from the sub-total (less interest capitalised) in Note 8 to the Financial Statements.</p>	
Debt/ EBITDA	<p>Operating Surplus</p> <p>less Gain/loss on Disposal of Housing Properties and Amortised Government Grants</p> <p>adding back Depreciation and Accelerated Depreciation</p> <p>divided by Drawn Debt</p>	<p>Original Borrower only</p> <p>'Operating Surplus' is taken from the Original Borrower's Statement of Comprehensive Income in the Financial Statements.</p> <p>'Gain on Disposal of Housing Properties' is taken from the Original Borrower's Statement of Comprehensive Income in the Financial Statements.</p> <p>'Amortised Government Grants' is taken from Note 3 to the Financial Statements.</p> <p>'Depreciation' is taken from Note 3 to the Financial Statements.</p> <p>'Accelerated Depreciation' is taken from Note 3 to the Financial Statements.</p> <p>'Drawn Debt' is the total (less capitalised finance costs) in in Note 21 to the Financial Statements.</p>	<p>An approximation of cash generated before major repairs expenditure, as a % of drawn debt. This shows how many years it would take to repay our current debt based on current operational performance.</p>
Debt/ EBITDA MRI	<p>Operating Surplus</p> <p>less Gain/loss on Disposal of Housing Properties and</p>	<p>Original Borrower only</p> <p>'Operating Surplus' is taken from the Original Borrower's Statement of</p>	<p>An approximation of cash generated after major repairs expenditure, as a % of</p>

Metric	Definition	Reconciliation	Additional Information
	<p>Amortised Government Grants and Capitalised Major Repairs</p> <p>adding back Depreciation and Accelerated Depreciation</p> <p>divided by Drawn Debt</p>	<p>Comprehensive Income in the Financial Statements.</p> <p>'Gain on disposal of housing properties' is taken from the Original Borrower's Statement of Comprehensive Income in the Financial Statements.</p> <p>'Amortised Government Grants' is taken from Note 3 to the Financial Statements.</p> <p>'Capitalised Major Repairs' is taken from 'Works to existing properties' Note 12 to the Financial Statements.</p> <p>'Depreciation' is taken from Note 3 to the Financial Statements.</p> <p>'Accelerated Depreciation' is taken from Note 3 to the Financial Statements.</p> <p>'Drawn Debt' is the total (less capitalised finance costs) in Note 21 of the Financial Statements.</p>	<p>drawn debt. This shows how many years it would take to repay our current debt based on current operational performance.</p>
<p>Sales exposure (first tranche shared ownership)</p>	<p>Operating Surplus on First Tranche Shared Ownership Sales</p> <p>divided by Total Turnover</p>	<p>Original Borrower only</p> <p>'Operating Surplus' on 'First Tranche Shared Ownership Sales' is taken from Note 2 to the Financial Statements</p> <p>Total 'Turnover' is taken from the Original Borrower's Statement of Comprehensive Income in the Financial Statements.</p>	

DESCRIPTION OF THE REGULATION AND FUNDING ENVIRONMENT APPLICABLE TO THE BORROWERS

Regulation and Regulatory Framework

The Housing and Regeneration Act 2008, as amended by the Localism Act 2011 and the Housing and Planning Act 2016 (the **HPA 2016**), (the **HRA 2008**) makes provision for the regulation of social housing provision in England.

Pursuant to the HRA 2008, the Homes and Communities Agency (the **HCA**) acted as the regulator of Registered Providers of Social Housing in England, including the Original Borrower. Since January 2018, Homes England has operated the non-regulatory arm and the Regulator of Social Housing (the **Regulator**) has taken on the functions of the regulation committee. The Regulator provides economic regulation for Registered Providers of Social Housing in order to ensure that they are financially viable and well governed.

The Regulator regulates Registered Providers of Social Housing in accordance with the regulatory framework for social housing in England (the **Regulatory Framework**), which sets out the standards that apply to Registered Providers of Social Housing (the **Standards**).

The Regulator proactively regulates the three Standards which are classified as 'economic'. These are

- the Governance and Financial Viability Standard;
- the Value for Money Standard; and
- the Rent Standard.

The Regulator has issued two codes of practice: one code to amplify the Governance and Financial Viability Standard and the code for the Value for Money Standard. Furthermore, the Regulator has issued a Rent Standard Guidance.

The remaining four Standards are classified as 'consumer' for which the Regulator's role is reactive in response to referrals or other information received. Its role is limited to intervening where failure to meet the standards has caused or could have caused serious harm to tenants. The consumer standards are:

- the Tenant Involvement and Empowerment Standard;
- the Home Standard;
- the Tenancy Standard; and
- the Neighbourhood and Community Standard.

Registered Providers of Social Housing are expected to comply with the Standards and to establish arrangements to ensure that they are accountable to their tenants, the Regulator and relevant stakeholders. The enforcement by the Regulator of the Standards other than those relating to governance and financial viability, rent and value for money is restricted to cases in which there is, or there is a risk of, serious detriment to tenants (including future tenants). The Regulatory Framework includes guidance as to how the Regulator will assess whether serious detriment may arise.

In April 2015 the HCA (as the predecessor of the Regulator) published updates to the Regulatory Framework. These provide for changes in the way the Regulator regulates, including asset and liability registers which are aimed to ensure that social housing assets are not put at risk, to protect the public value in those assets and to ensure that Registered Providers of Social Housing can continue to attract the necessary finance to build new homes.

In March 2019, the Regulator updated its "*Regulating the Standards*" publication which outlines the Regulator's operational approach to assessing Registered Providers of Social Housing compliance with the economic and consumer standards.

On 14 August 2018 the Ministry of Housing, Communities and Local Government (**MHCLG**) published the green paper titled "*A new deal for social housing*". The paper sets out the UK Government's intention to carry out a review of regulation of social housing to ensure it remains fit for purpose, reflects changes in the social housing sector and drives a focus on delivering a good service for residents. A "call for evidence" which marks the first stage in the review process has been launched which asks interested parties such as residents, landlords and lenders for information on how the regulatory regime is meeting its current objectives – both what works well and what does not. Alongside questions in the green paper it marks the first stage in the review process. The deadline for responses was 6 November 2018 and, as at the date of this Prospectus, the UK Government has not yet published its feedback and the proposed next steps.

The UK Government is establishing a new building safety regulator, which will be entirely run by the Health and Safety Executive. The building safety regulator will oversee the design and management of buildings, with a strong focus on ensuring the new regime for higher-risk buildings is enforced effectively and robustly. It will also have the power to apply criminal sanctions to building owners who do not obey the new regime.

Housing Grant

Grant funding for Registered Providers of Social Housing has, in recent years, undergone significant and material change. Under the 2011–2015 Affordable Homes Programme, the level of capital grant made available to fund new affordable homes was reduced to £4.5 billion compared to £8.4 billion under the previous review period. To compensate for this, Registered Providers of Social Housing are able to charge Affordable Rents where a Framework Delivery Agreement with Homes England has been entered into.

The 2015-2018 Affordable Homes Programme (the **New Framework**) was launched in January 2014. In December 2014 the Chancellor announced that the grant programme would be extended to 2020 with additional grant being made available. The primary change brought about under the New Framework is that all of the available funding is not allocated from the outset. The New Framework allows bidders the opportunity to bid for the remaining funding for development opportunities as these arise during the programme, where they can be delivered within the programme timescales.

In April 2016, the HCA announced that it was making available £4.7 billion of capital grant between 2016- 2021 under the Shared Ownership and Affordable Homes Programme 2016-2021 (**SOAHP 2016 to 2021**). That marked a decisive shift towards support for home ownership in England. However, the Autumn Statement 2016 announced that an additional £1.4 billion would be made available to build 40,000 affordable homes and that the SOAHP 2016 to 2021 will support a variety of tenures which now includes affordable rent, shared ownership and rent to buy. This, together with the publication of the Housing White Paper "*Fixing our broken housing market*" published in February 2017, has marked a shift of emphasis in UK Government investment priorities back towards rented housing.

Social Housing Rents

As part of the 2012 spending round, the UK Government confirmed, through its policy "*Guidance on Rents for Social Housing*" published in May 2014, that from 2015-2016, rents in the social sector should increase by up to the Consumer Price Index (**CPI**) at September of the previous year plus 1 per cent. annually, for ten years, whilst rent convergence (including the ability to charge an additional £2 per week) would end in April 2015.

The relevant rent standard guidance for Registered Providers of Social Housing is contained within the Regulatory Framework.

In the 2015 Summer Budget, the UK Government announced that rents for social housing (as defined in Part 2 of the HRA 2008) in England would be reduced by 1 per cent. a year for the next four years. This change was introduced on 1 April 2016 pursuant to Section 23 of the Welfare Reform and Work Act 2016 (the **WRWA 2016**).

In the WRWA 2016 and associated amendment regulations there is provision for exceptions to the rent reduction requirement and MHCLG has regulation making powers to introduce other exemptions. For example, reductions do not apply to rents payable by residents in low cost home ownership and shared ownership properties. Furthermore, the WRWA 2016 also gives the Regulator the power, by direction, to exempt a Registered Provider of Social Housing from the rent reduction requirement but only where compliance with the requirement would jeopardise that Registered Provider of Social Housing's financial viability.

On 4 October 2017, the UK Government announced that social housing rents will be restored to the CPI plus 1 per cent. formula for five years from 2020. Rent reductions will continue to apply until then.

Household Benefit Cap

The Summer Budget 2015 announced, and the Spending Review and Autumn Statement 2015 confirmed, that the total household benefit cap (the combined income from a number of welfare benefits for those receiving housing benefit or Universal Credit and that are of working age) would be reduced to £20,000 per year for couples or parents (or £23,000 for Greater London) and £13,400 per year for single people without children (or £15,410 in Greater London). Measures to implement the lowering of the threshold were included in the WRWA 2016 which applies to Registered Providers of Social Housing.

Exemptions to the total household benefit cap can apply to those tenants who qualify for working tax credit; are above the qualifying age for pensions credit; obtain certain benefits for sickness and disability; or claim a war pension. The benefit cap will not apply in circumstances where a tenant or a tenant's partner is in receipt of, or is responsible for, a child or young person who is in receipt of benefits such as disability living allowance, personal independence payment or carer's allowance. Housing benefit will not be included when calculating total benefit income where tenants are housed in specified accommodation including supported housing.

Occupation Size Criteria

The Welfare Reform Act 2012 (the **WRA 2012**) introduced a size criterion for working age social housing tenants in receipt of housing benefit known as the "removal of the spare room subsidy" or "bedroom tax". The arrangements allow each of certain defined categories of people (such defined categories being: (a) a couple, (b) an adult (over 16), (c) two children of the same sex, (d) two children under the age of 10, (e) any other child, (f) those with a disability, and (g) a non-resident overnight carer) to be entitled to one bedroom. Exemptions are applied to supported housing tenants. Where a household has one extra bedroom, housing benefit is reduced by 14 per cent. of the rent charge. Where a household has two or more extra rooms, the reduction to housing benefit is 25 per cent.

Universal Credit

Universal Credit, introduced under the WRA 2012, replaces six existing means-tested benefits and tax credits for working-age families, namely income support, income-based jobseeker's allowance, income-related employment and support allowance, housing benefit, child tax credit and working tax credit with a single monthly payment, transferred directly into a household bank account of choice, and is currently in an extended "roll out" phase across the UK which is expected to last until 2023.

There are three types of alternative payment arrangements available for claimants:

- (a) direct payment of the housing cost element to landlords (known as managed payments);
- (b) splitting of payments between members of a couple; and
- (c) more frequent payment of benefit where a claimant is in arrears with their rent for an amount equal to, or more than, two months of their rent or where a claimant has continually underpaid their rent over a period of time, and they have accrued arrears of an amount equal to or more than one month's rent.

If the Department of Work and Pensions (the **DWP**) does not set up a managed payment, Registered Providers of Social Housing can request a managed payment and inform the DWP of other reasons why a managed payment might be needed. Landlords can request deductions from a claimant's Universal Credit to repay existing rent arrears, known as third party deductions. Deductions will be a minimum of 10 per cent. and a maximum of 20 per cent. of a claimant's Universal Credit standard allowance.

Right to Buy

The introduction of the right to buy to assured tenants of Registered Providers of Social Housing was a manifesto commitment by the Conservative party for the 2015 and 2017 general elections. An announcement from the Secretary of State for Communities and Local Government on 24 September 2015 confirmed a proposal made by the National Housing Federation (**NHF**) to introduce the right to buy voluntarily. The voluntary arrangement is based on four key principles:

- (a) tenants would have the right to purchase a home at right to buy discounts (maximum discount of £77,900 (£103,900 in London)) subject to government funding for the scheme;
- (b) Registered Providers of Social Housing will have the final decision about whether to sell an individual property;
- (c) Registered Providers of Social Housing will receive the full market value of the properties sold, with the value of the discount funded by the UK Government; and
- (d) nationally, for every home sold under the agreement a new affordable property would be built, thereby increasing supply.

The Prime Minister confirmed on 7 October 2015 that the NHF's proposal had been accepted by the UK Government. This means that, rather than including the right to buy extension in the HPA 2016 as a statutory obligation, there is an agreement by the social housing sector to deliver the extension voluntarily. The HPA 2016 establishes a statutory framework to facilitate the implementation of the voluntary right to buy scheme and makes provision for grants to be paid to Registered Providers of Social Housing to cover the cost of selling housing assets at a discount. The HPA 2016 states that such grant may be made on any terms and conditions the MHCLG considers appropriate.

The UK Government ran an initial pilot scheme in January 2016 involving five housing associations and launched a further regional pilot in August 2018. The latest pilot is currently underway and will run for two years (though is now closed for registrations of interest). It will test two aspects of the voluntary agreement that the original pilot did not cover, namely (a) one for one replacement and (b) portability of discounts. The latest pilot will also test the application of the Voluntary Right to Buy guidance, which is the policy that details how the scheme will operate. This policy has been jointly designed by housing associations, the NHF and the UK Government.

LHA Cap and Sheltered Rent

In the 2015 Spending Review, the Chancellor outlined plans to cap the amount of rent that housing benefit will cover in the social housing sector to the level of the relevant Local Housing Allowance (the **LHA Cap**). This was to take effect in England only from April 2019 with the key elements being:

- the LHA Cap will apply to all tenants in supported and sheltered housing from April 2019;
- housing cost will continue to be paid through the benefit system up to LHA level;
- no Shared Accommodation Rate - one-bedroom LHA rate for under 35 year olds in supported housing;
- local authority top-up, with ring-fenced funds transferred across from the DWP and allocated by the Department for Communities and Local Government;
- the UK Government believes a different system needs to be worked out for short-term transitional services and it will consult on this; and
- the 1 per cent. rent reduction applies to supported and sheltered housing from April 2017 for three years – except refuges, alms houses and co-ops.

Following a joint DWP/Department for Communities and Local Government select committee inquiry, the UK Government announced on 31 October 2017 that the LHA Cap will not apply to tenants in supported housing, nor to the wider social rented sector, and therefore will not apply to the majority of Registered Providers of Social Housing. It was also announced, on 31 October 2017, that the UK Government will introduce a new sheltered rent for the sheltered housing and extra care sector from April 2020. This will keep funding within the welfare system and acknowledge the higher cost generated by this type of housing in comparison with general needs housing.

After several consultations, in August 2018 the UK Government confirmed that housing costs for supported housing will continue to be paid through Housing Benefit. Additionally, there will be no introduction, which means there will be no cap on services charges in sheltered and extra care schemes.

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, 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 certain steps being taken in relation to that provider such as presenting a winding up petition, the appointment of an administrator or the intention to enforce security over its property. The Regulator may then seek to agree proposals about the future ownership and management of the provider's land with its secured creditors. The Security Trustee is required to notify the Regulator of its intention to enforce the security created pursuant to the Security Documents and it cannot enforce its security during the resulting moratorium without the consent of the Regulator.

The Original Borrower is a registered society within the meaning of the Co-operative and Community Benefit Society Act 2014, and is therefore not subject to administration under the Insolvency Act 1986. However, the HPA 2016, the Insolvency of Registered Providers of Social Housing Regulations 2018 and the Housing Administration (England and Wales) Rules 2018 introduced a special administration regime called housing administration which was brought into force on 5 July 2018 and is available in addition to the moratorium regime. This provides for a court to appoint a qualified insolvency practitioner known as a "housing administrator" to manage the affairs, business and property of a Registered Provider of Social Housing, following an application from the Secretary of State or (with the permission of the Secretary of State) the Regulator.

An interim moratorium will run from the date of issue of an application for a housing administration order until the application is either dismissed or a housing administration order takes effect and, upon the

making of a housing administration order, a Registered Provider of Social Housing shall become subject to a moratorium, for so long as such Registered Provider of Social Housing is subject to a housing administration order, that prevents secured creditors from enforcing their security without the consent of the housing administrator or the permission of a court.

Each housing administration order will last for 12 months (subject to certain exceptions), but may be extended. In certain circumstances a court may make an order enabling a housing administrator to dispose of property belonging to a Registered Provider of Social Housing which is subject to a fixed charge, albeit only on terms that the fixed charge holder receives the proceeds up to the value of the security and those proceeds are topped up to "market value" if the property is sold for less than this.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with:

- (a) the Issuer's audited annual financial statements, which include the report of the board, strategic report, independent auditor's report and annual accounts, for the financial years ended 31 March 2019 and 31 March 2020 (the **Issuer Financial Statements**); and
- (b) the Original Borrower's audited annual consolidated financial statements, which include the report of the board, operating and financial review, independent auditor's report and annual accounts, for the financial years ended 31 March 2019 and 31 March 2020 (the **Original Borrower Financial Statements** and, together with the Issuer Financial Statements, the **Financial Statements**),

which have previously been published and have been filed with the FCA and shall be incorporated in, and form part of, this Prospectus, save that any statement contained in the Financial Statements shall be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein modifies or superseded such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Prospectus.

Copies of the Financial Statements can be obtained from the registered office of the Issuer, from the specified office of the Principal Paying Agent for the time being in London and on the Issuer's website (<https://www.rhp.org.uk/rhpui/investors>).

Any documents themselves incorporated by reference in the Financial Statements shall not form part of this Prospectus.

VALUATION REPORT

The holders of the New Bonds share their security with the holders of the Original Bonds and will share in the security for the Original Bonds.

The following valuation report (the **Valuation Report**) relates to the properties which are, as at the New Bond Issue Date, charged in favour of the Security Trustee (such Properties, the **Existing Properties**) and allocated for the benefit of the Issuer to secure the Bonds together with the Retained Proceeds (if any).

The Valuation Report was prepared by Savills Advisory Services Limited, Registered Chartered Surveyors, of 33 Margaret Street, London W1G 0JD (the **Valuer**). The Valuation Report is included in this Prospectus, in the form and context in which it is included, with the consent of the Valuer and the Valuer has authorised the contents of this section. However, the Valuer did not prepare this Prospectus and assumes no responsibility for the correctness of the Prospectus as a whole or for any other part of the Prospectus. In addition, the Valuation Report refers to the position at the date stipulated in the Valuation Report (being the date of this Prospectus), and the Valuer is not obliged to take any action after the date of this Prospectus to review or to update the Valuation Report.

The Valuer does not have a material interest in the Issuer or the Original Borrower.

Summary of valuations

A summary of the values of the Existing Properties set out in the Valuation Report is set out below:

EUV-SH or, where appropriate, MV-ST*				Total
Units	EUV-SH is appropriate	Units	MV-ST is appropriate	
No.	£	No.	£	£
3,932	£303,614,660	0	£0	£303,614,660

* A further 1,277 units have been given a nil value.

TAXATION

United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Bonds and is a summary of the Issuer's understanding of current United Kingdom law and HM Revenue & Customs published practice relating to certain aspects of United Kingdom taxation as at the date of this Prospectus. References to "interest" refer to interest as that term is understood for United Kingdom tax purposes. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Bondholders depends on their individual circumstances and may be subject to change at any time in the future, possibly with retrospective effect. Prospective Bondholders may be subject to tax in a jurisdiction other than the United Kingdom. This is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the Bonds and it is not intended to be, nor should it be considered to be, legal or tax advice. Prospective Bondholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Interest on the Bonds

1 Payment of interest on the Bonds

Payments of interest by the Issuer on the Bonds may be made without deduction of or withholding on account of United Kingdom income tax provided that the Bonds continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the **ITA 2007**). The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Bonds remain so listed, interest on the Bonds will be payable without withholding or deduction on account of United Kingdom tax.

In other cases, an amount must generally be withheld from payments of interest on the Bonds that has a United Kingdom source on account of United Kingdom 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 Bondholder, HM Revenue & Customs (**HMRC**) can issue a notice to the Issuer to pay interest to the Bondholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

2 Further United Kingdom Income Tax Issues

Interest on the Bonds that constitutes United Kingdom source income for tax purposes may be subject to income tax by direct assessment even where paid without withholding.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Bondholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Bondholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is

received or to which the Bonds are attributable (and where that Bondholder is a company, unless that Bondholder carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Bonds are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Bondholders.

United Kingdom Corporation Tax Payers

- 3 In general, Bondholders which are within the charge to United Kingdom corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Bonds (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

Other United Kingdom Tax Payers

4 Taxation of Chargeable Gains

The Bonds will constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a Bondholder of a Bond will not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains.

5 Accrued Income Scheme

On a disposal of Bonds by a Bondholder, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules of the accrued income scheme as set out in Part 12 of the ITA 2007 if that Bondholder is resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Bonds are attributable.

Stamp Duty and Stamp Duty Reserve Tax (SDRT)

- 6 No United Kingdom stamp duty or SDRT is payable on the issue of the Bonds or on a transfer by delivery of the Bonds.

The Proposed Financial Transactions Tax (FTT)

On 14 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 the Bonds (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 the Bonds 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 Commission's Proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States of the European Union may decide to participate.

It is not clear how the FTT would apply to the UK following the UK's withdrawal from the European Union. Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Sole Bookrunner has, in a subscription agreement (the **Subscription Agreement**) dated 11 September 2020, agreed to subscribe or procure subscribers for the New Bonds (other than the New Retained Bonds) at the issue price of 129.504 per cent. of the nominal amount of the Bonds (other than the New Retained Bonds), less a combined selling and underwriting commission. The Issuer shall also reimburse the Sole Bookrunner in respect of certain of its expenses. In addition, the Issuer has agreed to indemnify the Sole Bookrunner against certain liabilities incurred in connection with the issue of the New Bonds. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

United States

The New Bonds have not been and will not be registered under the Securities Act or the securities laws of any state and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The New Bonds 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 Sole Bookrunner has represented and agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the New Bonds (a) as part of its distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the New Bond Issue Date within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of the New Bonds, an offer or sale of the New Bonds 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.

Terms used above have the meanings given to them by Regulation S under the Securities Act.

United Kingdom

The Sole Bookrunner has represented and agreed that:

- (a) 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 Financial Services and Markets Act 2000 (the **FSMA**) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Original Borrower; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA and UK Retail Investors

The Sole Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any New Bonds to any retail investor in the European Economic Area or the United Kingdom. For the purposes of this provision, the expression **retail investor** means a person who is one (or both) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of 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.

Republic of Korea

The Bonds have not been and will not be registered under the Financial Investment Services and Capital Markets Act (the **FSCMA**). The Sole Bookrunner has represented and agreed 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 New Bonds, 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; or
- (b) as otherwise permitted under applicable laws and regulations in the Republic of Korea.

General

The Sole Bookrunner has agreed 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 New Bonds or possesses or distributes this Prospectus and will obtain any consent, approval or permission which is, to the best of its knowledge and belief, required by it for the purchase, offer, sale or delivery by it of New Bonds 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.

None of the Issuer, the Original Borrower, the Bond Trustee or the Sole Bookrunner represents that New Bonds 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 issue of the New Bonds has been approved by a resolution of the RHP Treasury Working Group of the Issuer dated 3 September 2020 acting under delegated authority from the board of directors of the Issuer under terms of reference approved by the board on 1 September 2020.

Listing of the New Bonds

It is expected that the official listing of the New Bonds will be granted on or about 16 September 2020 subject only to the issue of the Temporary Global Bond. Application has been made to the FCA for the New Bonds to be admitted to the Official List and to the London Stock Exchange for the New Bonds to be admitted to trading on the London Stock Exchange's regulated market.

The Issuer estimates that the total expenses related to the admission to trading will be £7,515. The Original Borrower shall pay to the Issuer, *inter alia*, an amount equal to such expenses in accordance with Clause 7 (*Expenses*) of the Supplemental RHP Loan Agreement.

Documents Available

For the period of 12 months following the date of this Prospectus, the following documents will be available for inspection on the Issuer's website at <https://www.rhp.org.uk/rhpui/articles/investor-links>:

- (a) the constitutional documents of the Issuer and each Borrower;
- (b) the Bond Trust Deed and the Security Trust Deed;
- (c) the Valuation Report;
- (d) the Issuer Financial Statements (the Issuer currently prepares audited accounts on an annual basis); and
- (e) the Original Borrower Financial Statements (the Original Borrower currently prepares audited accounts on an annual basis).

In addition, for the period of 12 months following the date of this Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:

- (a) the most recently published audited annual financial statements (if any) of the Issuer and each Borrower and the most recently published unaudited interim financial statements (if any) of the Issuer and each Borrower, in each case together with any audit or review reports prepared in connection therewith;
- (b) the Agency Agreement, the Account Agreement, the Custody Agreement, the Retained Bond Custody Agreement, each Loan Agreement and the Legal Mortgages;
- (c) a copy of this Prospectus; and
- (d) any future offering circulars, listing particulars, prospectuses, information memoranda, supplements to this Prospectus and any other documents incorporated therein by reference.

Clearing Systems

The New Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg.

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

Identification Codes

The LEI of the Issuer is 213800O1G1AGJVTHWK17.

The temporary ISIN for the New Bonds (which will apply for so long as the New Bonds are represented by the Temporary Global Bond) is XS2219655581. Upon exchange of the interests in the Temporary Global Bond for interests in the Permanent Global Bond, the ISIN for the New Bonds will be XS1181693364.

The temporary Common Code for the New Bonds (which will apply for so long as the New Bonds are represented by the Temporary Global Bond) is 221965558. Upon exchange of the interests in the Temporary Global Bond for interests in the Permanent Global Bond, the Common Code for the New Bonds will be 118169336.

The CFI for the New Bonds is DBFSFB or as set out on the website of the Association of National Number Agencies (**ANNA**).

The FISN for the New Bonds is RHP FINANCE PLC/3.25 BD 20480205 or as set out on the website of the ANNA.

Characteristics of underlying assets

The Original Loan Agreement has, and each Additional Loan Agreement will have, characteristics that demonstrate the capacity to produce funds to service any payments due and payable on the Bonds.

Material or Significant Change

There has been no material adverse change in the financial position of the Issuer since 31 March 2020.

Subject as follows, there has been no material adverse change in the prospects of the Issuer since 31 March 2020. The prospects of the Issuer may be impacted by the ongoing impact of the COVID-19 outbreak as it is dependent on the activities of the Original Borrower.

There has been no significant change in the financial performance or financial position of the Group since 31 March 2020.

Subject as follows, there has been no material adverse change in the prospects of the Original Borrower since 31 March 2020. The prospects of the Original Borrower may be impacted by the ongoing impact of the COVID-19 outbreak. The Original Borrower's profits may decline during the outbreak and recovery period for the following reasons:

- Inability to continue to provide a service to customers due to a reduced workforce from illness.
- Rental income receipts may be lower than expected during the period of outbreak and thereafter. The Original Borrower has seen substantially greater numbers of customers accessing Government support. The Original Borrower has seen a 23 per cent. increase in customers using universal credit since March 2020 and now has around 1,700 customers using universal credit.

Since the beginning of the outbreak, the Original Borrower has seen less than a 2 per cent. reduction in rental income levels.

- The number of unlet void properties may rise. The Original Borrower might expect to have 5 properties become vacant and re-let in a typical week. At the start of the outbreak, the Original Borrower was unable to re-let properties but more recently lettings have recommenced.
- Slight delay to development programme. At the inception of the outbreak, the Original Borrower's development partners initially pulled off site. After careful review and the introduction of new safeguarding measures, all are now resumed.
- If any of the Original Borrower's suppliers or development partnership partner were to become insolvent, this would have an effect on the development programme causing delays which could affect the cashflow of the Original Borrower.
- Depending on the impact of any economic downturn on the property market, the value and rate of sale of completed shared ownership properties may be affected. The Original Borrower is monitoring shared ownership sales closely with view to switch tenure if required. At 31 July 2020, 23 of the available 52 units completed by 31 March 2020 had been sold.
- Risk that one or more key suppliers is unable to continue essential health and safety/remedial due to lack of access to properties.
- Risk of hyperinflation for repairs and maintenance costs.

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) in the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on its financial position or profitability.

The Original Borrower 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 Original Borrower is aware) in the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on its financial position or profitability.

No other member of the Group is and has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Original Borrower are aware) in the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on its financial position or profitability.

Auditors

The auditors of the Issuer and the Original Borrower are BDO LLP, a member firm of the Institute of Chartered Accountants in England and Wales, of 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA, who have audited the Issuer's and the Original Borrower's accounts, without qualification, in accordance with generally accepted accounting principles in the United Kingdom for each of the financial years ended on 31 March 2019 and 31 March 2020.

The auditors of the Issuer and the Original Borrower have no material interest in the Issuer or the Original Borrower.

Potential Conflicts of Interest

Each of the Transaction Parties (other than the Issuer) and their affiliates in the course of each of their respective businesses may provide services to other Transaction Parties and to third parties and in the course of the provision of such services it is possible that conflicts of interest may arise between such Transaction Parties and their affiliates or between such Transaction Parties and their affiliates and such third parties. Each of the Transaction Parties (other than the Issuer) and their affiliates may provide such services and enter into arrangements with any person without regard to or constraint as a result of any such conflicts of interest arising as a result of it being a Transaction Party.

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to the Bonds, the Issuer Security or the Underlying Security, other than as required (and available from the Issuer at the request of any Bondholder) pursuant to Condition 6.2 (*Information Covenants*).

Sole Bookrunner transacting with the Issuer or the Borrowers

The Sole Bookrunner and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and/or any Borrower and/or their respective affiliates in the ordinary course of business. The Sole Bookrunner and its affiliates may have positions, deal or make markets in the Bonds, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and/or any Borrower and their respective affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Sole Bookrunner and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and/or the Borrowers or their respective affiliates. The Sole Bookrunner or its affiliates that have a lending relationship with the Issuer or any Borrower routinely hedge their credit exposure to the Issuer or such Borrower consistent with their customary risk management policies. Typically, the Sole Bookrunner and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Bonds. Any such positions could adversely affect future trading prices of the Bonds. The Sole Bookrunner and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Yield

Indication of the yield on the Bonds: 1.787 per cent. (semi-annual). The yield is calculated at the New Bond Issue Date on the basis of the New Bond Issue Price. It is not an indication of future yield.

ISSUER

RHP Finance PLC

8 Waldegrave Road
Teddington
Middlesex TW11 8GT

ORIGINAL BORROWER

Richmond Housing Partnership Limited

8 Waldegrave Road
Teddington
Middlesex TW11 8GT

BOND TRUSTEE AND SECURITY TRUSTEE

Prudential Trustee Company Limited

10 Fenchurch Avenue
London EC3M 5AG

PRINCIPAL PAYING AGENT, ACCOUNT BANK, CUSTODIAN AND RETAINED BOND CUSTODIAN

Citibank, N.A., London Branch

Citigroup Centre
Canada Square
London E14 5LB

SOLE BOOKRUNNER

Lloyds Bank Corporate Markets plc

10 Gresham Street
London EC2V 7AE

LEGAL ADVISERS

*To the Issuer and the Original Borrower as to
English law*

*To the Sole Bookrunner, the Bond Trustee and
the Security Trustee as to English law*

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London EC2M 7DT

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To the Issuer and the Original Borrower

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