

## PROGRAMME ADMISSION PARTICULARS



### METROPOLITAN HOUSING TRUST LIMITED

*(incorporated in England with limited liability under the Co-operative and Community Benefit Societies Act 2014 with registration number 16337R and registered with the Regulator of Social Housing under the Housing and Regeneration Act 2008, as amended by the Localism Act 2011, with number L0726)*

### £2,000,000,000 NOTE PROGRAMME

Under this £2,000,000,000 Note Programme (the **Programme**), Metropolitan Housing Trust Limited (the **Issuer**) may from time to time issue Notes (the **Notes**) as agreed between the Issuer and the relevant Dealer (as defined below).

The Issuer's obligations under the Notes may be secured in accordance with the provisions of Condition 4 (*Security*) (such Notes, **Secured Notes**) or not so secured (such Notes, **Unsecured Notes**), in each case, as specified in the applicable Pricing Supplement (as defined below).

The maximum aggregate principal amount of all Notes from time to time outstanding under the Programme will not exceed £2,000,000,000, subject to increase as described herein.

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

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

Application has been made to the London Stock Exchange plc (the **London Stock Exchange**) for Notes issued under the Programme during the period of 12 months from the date of these Programme Admission Particulars to be admitted to trading on the London Stock Exchange's International Securities Market (the **ISM**). The ISM is not a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU (**MiFID II**) or for the purposes of Regulation (EU) No. 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the **EUWA**) (**UK MiFIR**). In respect of any Notes which are specified as "Sustainable Bonds" in the applicable Pricing Supplement, application may also (if so specified in the applicable Pricing Supplement) be made for such Notes to be admitted to trading on the London Stock Exchange's Sustainable Bond Market (the **SBM**).

**The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the Financial Conduct Authority. The London Stock Exchange has not approved or verified the contents of these Programme Admission Particulars.**

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

Notice of the aggregate principal amount of Notes, interest payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Conditions of the Notes*") of Notes will be set out in a pricing supplement (the **Pricing Supplement**) which, with respect to Notes to be admitted to trading on the ISM, will be delivered to the London Stock Exchange. Copies of Pricing Supplements in relation to Notes to be admitted to trading on the ISM will also be published on the website of the London Stock Exchange through a regulatory information service or will be published in such other manner permitted by the International Securities Market Rulebook effective as of 25 February 2019 (as may be modified and/or supplemented and/or restated from time to time, the **ISM Rulebook**).

These Programme Admission Particulars do not constitute a base prospectus for the purposes of a listing or an admission to trading on any market in the European Economic Area (the **EEA**) or the United Kingdom (the **UK**) which has been designated as a regulated market for the purposes of MiFID II or UK MiFIR, respectively.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

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

The Issuer and the Programme (both in relation to Secured Notes and Unsecured Notes) have each been rated "A-" by S&P Global Ratings UK Limited (**S&P**) and "A" by Fitch Ratings Ltd (**Fitch**). Notes issued under the Programme may be rated by S&P and/or Fitch or may be unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the Pricing Supplement and will not necessarily be the same as the rating assigned to the Programme by S&P and/or Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

*Arranger*

**NATWEST MARKETS**

*Dealers*

**BARCLAYS**

**BNP PARIBAS**

**HSBC**

**LLOYDS BANK CORPORATE MARKETS**

**NATIONAL AUSTRALIA BANK LIMITED**

**NATWEST MARKETS**

The date of these Programme Admission Particulars is 16 July 2021

## IMPORTANT INFORMATION

These Programme Admission Particulars comprise programme admission particulars in respect of all Notes issued under the Programme and admitted to trading in accordance with the ISM Rulebook.

The Issuer accepts responsibility for the information contained in these Programme Admission Particulars and the Pricing Supplement for each Tranche of Notes issued under the Programme. Having taken all reasonable care to ensure that such is the case, the information contained in these Programme Admission Particulars is, to the best of the knowledge of the Issuer, in accordance with the facts and contains no omission likely to affect its import.

The figures referred to and information contained in the Valuation Report prepared by Jones Lang LaSalle Limited (the *Valuer*) in the sections entitled "*Valuation Commentary – Rented Stock*" and "*Market Commentary*" were obtained from the Bank of England, Dataloft, HM Land Registry, HM Revenue & Customs (*HMRC*), the Office for National Statistics (the *ONS*), Regulator of Social Housing, Rightmove, Royal Institution of Chartered Surveyors (*RICS*), Statistical Data Return and the Valuation Office Agency, respectively. The Issuer confirms that such figures and information have been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain from information published by the Bank of England, Dataloft, HM Land Registry, HMRC, the ONS, Regulator of Social Housing, Rightmove, RICS, Statistical Data Return and the Valuation Office Agency, no facts have been omitted which would render the reproduced figures and information inaccurate or misleading.

The Valuer accepts responsibility for the information contained in the section headed "*Valuation Report*". Having taken all reasonable care to ensure that such is the case, the information contained in the section headed "*Valuation Report*" is, to the best of the knowledge of the Valuer, in accordance with the facts and contains no omission likely to affect its import.

These Programme Admission Particulars are to be read in conjunction with all documents which are deemed to be incorporated in them by reference (see "*Documents Incorporated by Reference*" below). These Programme Admission Particulars shall be read and construed on the basis that those documents are incorporated into and form part of these Programme Admission Particulars.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which these Programme Admission Particulars refer does not form part of these Programme Admission Particulars.

None of NatWest Markets Plc (the *Arranger*), Barclays Bank PLC, BNP Paribas, HSBC Bank plc, Lloyds Bank Corporate Markets plc, National Australia Bank Limited (ABN 12 004 044 937) and NatWest Markets Plc (together, the *Dealers*) and the Note Trustee (as defined below) has independently verified (a) the information contained herein or (b) any matter which is the subject of any statement, representation, warranty or covenant of the Issuer contained in the Notes or any document relating to the Programme. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger, the Dealers or the Note Trustee as to (a) the accuracy, adequacy or completeness of the information contained or incorporated in these Programme Admission Particulars or any other information provided by the Issuer in connection with the Programme, (b) any acts or omissions of the Issuer or any other person in connection with the Programme or (c) the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of any Notes or any other agreement or document relating to any Notes

or the Programme. None of the Arranger, the Dealers and the Note Trustee accepts any liability in relation to the information contained or incorporated by reference in these Programme Admission Particulars or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer, the Arranger, any Dealer or the Note Trustee to give any information or to make any representation not contained in or not consistent with these Programme Admission Particulars or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger, any Dealer or the Note Trustee.

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

Neither these Programme Admission Particulars nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Arranger, any Dealer or the Note Trustee that any recipient of these Programme Admission Particulars or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither these Programme Admission Particulars nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger, any Dealer or the Note Trustee to any person to subscribe for or to purchase any Notes.

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

The Issuer has confirmed to the Arranger and the Dealers that these Programme Admission Particulars contain all information which is (in the context of the Programme and the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions, or intentions expressed herein are honestly held or made and are not misleading in any material respect; that these Programme Admission Particulars do not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme and the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

To the extent so specified in the applicable Pricing Supplement, Notes issued under the Programme are intended to be Sustainable Bonds (as defined in the Sustainable Financing Framework (as defined in the section headed "*Use of Proceeds and Sustainable Financing Framework*" below)) and the net proceeds from the issue of Notes of each Series will be used by the Issuer for sustainable purposes as set out in the applicable Pricing Supplement. None of the Arranger, the Dealers and the Note Trustee will verify or monitor the proposed use of proceeds for any such Notes and no assurance is given by the Issuer, the Arranger, the Dealers, the Note

Trustee or any other person that the use of the proceeds of issue of any such Notes will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which any investor or its investments are required to comply. See further "*Risk Factors – Use of Proceeds / Sustainable Bonds*" below.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a *retail investor* means a person who is one (or 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 (as amended or superseded, 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 or superseded, the *PRIPs Regulation*) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.

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

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (as amended or superseded, the *MiFID Product Governance Rules*), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise none of the Arranger, the Dealers and any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET** – The Pricing Supplement in respect of any Notes will include a legend entitled "*UK MiFIR product governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a *UK distributor*) should take into consideration the target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (as amended or superseded, the *UK MiFIR Product Governance Rules*) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise none of the Arranger, the Dealers and any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

## IMPORTANT INFORMATION RELATING TO THE USE OF THESE PROGRAMME ADMISSION PARTICULARS AND OFFERS OF NOTES GENERALLY

These Programme Admission Particulars do not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of these Programme Admission Particulars and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Arranger, the Dealers and the Note Trustee do not represent that these Programme Admission Particulars may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger, the Dealers or the Note Trustee which is intended to permit a public offering of any Notes or distribution of these Programme Admission Particulars in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither these Programme Admission Particulars 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 these Programme Admission Particulars or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of these Programme Admission Particulars and the offering and sale of Notes. In particular, there are restrictions on the distribution of these Programme Admission Particulars and the offer or sale of Notes in the United States, the UK and the Republic of Korea and a prohibition on the sale of any Notes to EEA retail investors, see "*Subscription and Sale*".

### PRESENTATION OF FINANCIAL AND OTHER INFORMATION

#### Presentation of Financial Information

Unless otherwise indicated, the financial information in these Programme Admission Particulars relating to the Issuer has been derived from the relevant Financial Statements (as defined in "*Documents Incorporated by Reference*" below).

The Issuer's financial year ends on 31 March, and references in these Programme Admission Particulars to any specific year are to the 12-month period ended on 31 March of such year. The Financial Statements have been prepared and audited in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, the Statement of Recommended Practice, "*Accounting by registered social housing providers*" 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019 (the *Accounting Standards*).

#### Certain Defined Terms and Conventions

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

- *Sterling* and £ refer to pounds sterling;
- other than as used in the "*Conditions of the Notes*", the *MTVH Group* refers to Thames Valley Housing Association Limited, its direct subsidiaries (including, but not limited to, the Issuer) and, in the case of its direct subsidiaries, their subsidiaries or joint venture interests;

- the *Issuer Group* refers to the Issuer, its direct subsidiaries and, in the case of its direct subsidiaries, their subsidiaries or joint venture interests; and
- *billion* refers to a thousand million.

Certain figures and percentages included in these Programme Admission Particulars have been subject to rounding adjustments.

### SUITABILITY OF INVESTMENT

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

- has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in these Programme Admission Particulars or any applicable supplement;
- has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets;
- is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- understands the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the Notes.

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

### STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of

Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules. Any loss resulting from over-allotment and stabilisation shall be borne, and any net profit arising therefrom shall be retained, as against the Issuer, by any Stabilisation Manager for its own account.



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## Overview of the Programme

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of these Programme Admission Particulars and, in relation to the conditions of any particular Tranche of Notes, the applicable Pricing Supplement.

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

### Issuer:

Metropolitan Housing Trust Limited

Legal Entity Identifier (LEI): 213800ADJSQQI3UH6Z36

The Issuer is a Registered Provider of Social Housing and a charitable organisation whose activities are regulated by the Regulator (as defined below). It is an exempt charity.

The Issuer's primary business object is to carry on, for the benefit of the community, the provision and management of housing, including social housing, and the provision of assistance to help house people and associated facilities, amenities and services for poor people or for the relief of aged, disabled (whether physically or mentally) or chronically sick people.

### Description:

£2,000,000,000 Note Programme

### Use of Proceeds:

The net proceeds from each issue of Notes (or, in the case of any Retained Notes, the net proceeds of sale of such Retained Notes to a third party) (each after deduction of expenses payable by the Issuer) shall be applied in furtherance of the Issuer's objects as permitted by its Rules including, without limitation, on-lending to other members of the MTVH Group and the repayment of any existing indebtedness of the Issuer.

If, in respect of an issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

If the Notes are specified as "Sustainable Bonds" in the applicable Pricing Supplement, the net proceeds from the issue of the Notes (or, in the case of any Retained Notes, the net proceeds of the sale of such Retained Notes to a third party) (each after deduction of expenses payable by the Issuer) will be used for sustainable purposes and, unless otherwise specified in the applicable Pricing Supplement, will be applied in accordance with the Sustainable Financing Framework as described in "*Use of Proceeds and Sustainable Financing Framework*" below.

### Status of the Notes:

The Secured Notes will constitute direct, unconditional and unsubordinated obligations of the Issuer, secured in the manner set out in Condition 4 (*Security*), and will rank *pari passu* without any preference or priority among themselves.

The Unsecured Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference or priority among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

<b>Programme Size:</b>	Up to £2,000,000,000 outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Distribution:</b>	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Certain Restrictions:</b>	Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the UK, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 ( <b>FSMA</b> ) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see " <i>Subscription and Sale</i> ".
<b>Currencies:</b>	Notes will be denominated in Sterling only.
<b>Denomination of Notes:</b>	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to Sterling (see " <i>Certain Restrictions</i> " above), and save that the minimum denomination of each Note will be the Sterling equivalent of €100,000.
<b>Maturities:</b>	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or Sterling.
<b>Issue Price:</b>	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
<b>Form of Notes:</b>	The Notes will be issued in bearer form as described in " <i>Form of the Notes</i> ".
<b>Interest Basis:</b>	The Notes may be either Fixed Rate Notes or Floating Rate Notes.
<b>Fixed Rate Notes:</b>	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count

Fraction as may be agreed between the Issuer and the relevant Dealer.

**Floating Rate Notes:**

Floating Rate Notes will bear interest at a rate determined:

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

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

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

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. For the avoidance of doubt, the interest rate in respect of Floating Rate Notes shall not be less than zero.

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined for Floating Rate Notes, on the occurrence of a Benchmark Event the Issuer shall use its reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser that may (subject to certain conditions and following consultation with the Issuer) determine a Successor Rate, failing which an Alternative Reference Rate and, in either case, an Adjustment Spread and Benchmark Amendments (if any) in accordance with Condition 7.2(c) (*Benchmark Replacement*).

**Final Redemption:**

Unless previously redeemed in accordance with Condition 9 (*Redemption and purchase*) the Notes will be redeemed:

- (a) at the Final Redemption Amount on the Maturity Date specified in the applicable Pricing Supplement; or
- (b) where Instalment Redemption is specified as applicable in the applicable Pricing Supplement, in the Instalment Amounts on the Instalment Dates specified in the applicable Pricing Supplement.

Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution. See "*Certain Restrictions*" above.

**Early Redemption:**

The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity date or stated instalment dates (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity or instalment date(s) (where Retained Notes are specified to be applicable in the applicable Pricing Supplement, in the case of a redemption at the option of the Issuer, at any time after the relevant Final Retained Note Disposal Date) and at a price or prices and on such other terms, and/or subject to such conditions, as may be agreed between the Issuer and the relevant Dealer.

**Purchases:**

The Retained Notes (if specified as being applicable in any Pricing Supplement) will be immediately purchased by the Issuer on the applicable Issue Date.

The Issuer or any of other member of the MTVH Group may also at any time purchase Notes at any price in the open market or otherwise. Such Notes purchased by the Issuer or any other member of the MTVH Group may be held, reissued, resold or, at the option of the Issuer or such other member of the MTVH Group, surrendered to any Paying Agent for cancellation.

**Retained Notes:**

Pursuant to the terms of the Retained Note Custody Agreement, the Retained Note Custodian will hold the Retained Notes (if any) of each Series on the Issuer's behalf and the Issuer has instructed the Retained Note Custodian to waive its rights to receive payments (of interest, principal or otherwise) on the Retained Notes for so long as the Retained Notes are held on the Issuer's behalf. Such waiver may not be revoked without the consent of the Note Trustee.

Pursuant to Condition 5.1(e)(iii) (*Information Covenant*), the Issuer has covenanted with the Note Trustee that it will, not later than three Business Days prior to the sale of any Retained Notes which are Secured Notes, deliver to the Note Trustee a certificate in writing signed by Authorised Signatories of the Issuer confirming that, immediately following such sale, the Issuer will be in compliance with the Asset Cover Test in respect of the relevant Series of Retained Notes.

The Retained Notes may only be held on the Issuer's behalf until (but not including) the Retained Note Cancellation Date specified in the applicable Pricing Supplement (if any), and the Issuer must therefore sell the Retained Notes prior to that Retained Note Cancellation Date, or else any Retained Notes that have not been

so sold will be cancelled in accordance with Condition 9.11 (*Cancellation*).

**Secured Notes and Unsecured Notes:**

If the applicable Pricing Supplement specifies that a Series of Notes will be Secured Notes, the Issuer's obligations in respect of such Series of Notes shall be secured in accordance with the provisions of Condition 4 (*Security*) (such Notes, **Secured Notes**). The applicable Pricing Supplement may also specify that the Issuer's obligations in respect of a Series of Notes shall not be so secured (such Notes, **Unsecured Notes**).

**Security (*in respect of Secured Notes only*):**

The Issuer's obligations in respect of each Series of Secured Notes are secured pursuant to each Legal Mortgage by:

- (a) first fixed legal mortgages over all of the right, title and interest from time to time in the Charged Properties; and
- (b) first fixed charges over, *inter alia*, the benefit of all plant and machinery, the Insurances (as defined in the Legal Mortgages) and all present and future licences, consents and authorisations in respect thereof.

Pursuant to each Legal Mortgage, the Issuer will also covenant that it will (following an Enforcement Event (as defined in the Legal Mortgages) which has occurred and is continuing unremedied or unwaived and has not been remedied within any applicable grace period) assign or procure the assignment to the Security Trustee for the benefit of itself and, *inter alios*, the Series Secured Parties, all of the rights, title and interest in and to certain agreements and covenants held by the Issuer.

An Eligible Group Member may become a Charging Group Member by acceding to the Security Trust Deed and creating security as described above.

The security created pursuant to the Legal Mortgages will be apportioned to the Series Secured Parties on:

- (i) a Numerical Apportionment Basis; or
- (ii) a Specific Apportionment Basis,

in each case, as specified in the applicable Pricing Supplement and in accordance with and subject to the terms of the Security Trust Deed.

The Issuer's obligations in respect of each Series of Notes are also secured pursuant to the Note Trust Deed by:

- (a) a first fixed charge over all moneys from time to time standing to the credit of the Series Charged Account in relation to such Series and all debts represented thereby;

- (b) an assignment by way of security of the Issuer's rights, title and interest arising under the Agency Agreement and the Account Agreement, to the extent they relate to such Series; and
- (c) a first fixed charge over all of the rights of the Issuer in respect of any sums held from time to time by the Paying Agents for the payment of principal, premium or interest in respect of such Series.

The claims of the Series Secured Parties in respect of such Series will rank in priority to the claims of the unsecured creditors.

**Negative Pledge (*in respect of Secured Notes only*):**

In respect of each Series of Secured Notes, the Issuer has covenanted (pursuant to Condition 5.1(b) (*Negative Pledge and Disposals*)) not to create or permit to subsist, and to procure that each Charging Group Member will not create or permit to subsist (pursuant to the Note Trust Deed), in each case for so long as any of the Secured Notes of such Series remain outstanding, save as expressly permitted by the Note Trust Deed and/or the Security Documents, , over any of the Series Charged Property, any mortgage or charge or any other security interest ranking in priority to, or *pari passu* with, the Series Security, excluding, for this purpose any security interest created by or pursuant to the Note Trust Deed or by operation of law.

There is no negative pledge in respect of the Unsecured Notes.

**Asset Cover Covenant (*in respect of Secured Notes only*):**

Pursuant to Condition 5.1(c) (*Asset Cover Covenant*) the Issuer has covenanted, for so long as any of the Secured Notes of each Series remain outstanding, that it shall at all times ensure that the sum of:

- (a) the Minimum Value of the Charged Properties in respect of the relevant Series of Secured Notes multiplied by the Series Security Percentage; and
- (b) the Charged Cash in respect of such Series of Secured Notes,

will not be less than the aggregate principal amount of the Secured Notes of such Series that remain outstanding (excluding, for this purpose, any Retained Notes held by or on behalf of the Issuer in respect of such Series).

In calculating the Minimum Value of the Charged Properties, a discount is applied in accordance with the definition thereof such that any value given in a valuation of Charged Properties on an EUV-SH basis is divided by 105, and any value given in a valuation of Charged Properties on an MV-ST basis is divided by 115, and, in each case, is multiplied by 100.

**Valuations (*in respect of Secured Notes only*):**

In respect of each Series of Secured Notes, the Issuer has covenanted, pursuant to Condition 5.1(d) (*Valuations*) (and subject as provided therein), for so long as any of the Secured Notes of such Series remain outstanding, that it shall deliver a Valuation to the Note Trustee and the Security Trustee in the period between 31 March and the date falling 60 days after 31 March in each year whereby the Valuer values:

- (a) not less than 20 per cent. of the Charged Properties on a Full Valuation Basis; and
- (b) the remaining Charged Properties on a Desk Top Valuation Basis.

**Addition, Substitution and Release of Charged Properties and Charged Cash (*in respect of Secured Notes only*):**

The Issuer or any Charging Group Member may, in respect of each Series of Secured Notes, charge and/or allocate, substitute or release and/or reallocate Charged Properties from the Series Property Security (and the Note Trustee, in its capacity as Representative, shall consent to such charging and/or allocation, substitution or release and/or reallocation and countersign an amended Designated Properties Schedule to reflect the same) subject to, and in accordance with, the requirements set out in Conditions 6.1 (*Addition of New Charged Properties*), 6.2 (*Substitution of Charged Properties*), 6.3 (*Release and/or Reallocation of Charged Properties*) and 6.4 (*Statutory Disposals*).

The Issuer may also, at any time, deposit money into the applicable Series Charged Account relating to a Series of Secured Notes to ensure compliance with the Asset Cover Covenant relating to that Series.

**Unencumbered Assets Covenant (*in respect of Unsecured Notes only*):**

Pursuant to Condition 5.2(b) (*Unencumbered Assets Covenant*), the Issuer has covenanted that, for so long as any of the Unsecured Notes of any Series remain outstanding, it shall ensure that the Unencumbered Assets of the Issuer shall not be less than 125 per cent. of the Unsecured Financial Indebtedness of the Issuer.

**Information Covenant:**

In respect of each Series of Notes, the Issuer has covenanted to deliver to the Note Trustee, within 180 days after the end of each Financial Year:

- (a) a copy of its own and its consolidated audited financial statements for such Financial Year;
- (b) (in respect of each Series of Secured Notes) a copy of the audited financial statements of each Charging Group Member for such Financial Year (both its own and, where applicable, on a consolidated basis); and



(c) a Compliance Certificate,

and, upon request by a Noteholder to the Issuer, (i) to make copies of such documents available to any of the Noteholders at the Issuer's registered office or (ii) to provide copies of such documents by email upon request, subject to satisfactory evidence of the Noteholder's holding of Notes and identity.

In addition to the rights of the Noteholders of each Series to convene a meeting pursuant to Condition 18 (*Meetings of Noteholders, Modification, Waiver and Authorisation*), at the request of the requisite majority of the Noteholders of a Series, the Issuer shall hold a meeting of the Noteholders of such Series (including by way of conference call) to discuss the financial position of the Issuer and (if applicable) each Charging Group Member, provided that the Issuer shall not be required to hold any such meeting more than once in any calendar year.

#### **Events of Default:**

Following the occurrence of an Event of Default the Note Trustee may, and if so requested by the holders of at least 25 per cent. in principal amount of the Notes of the relevant Series then outstanding shall (subject to it being secured and/or indemnified and/or prefunded to its satisfaction and, upon certain events, the Note Trustee having certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders of such Series), give notice to the Issuer and the Notes of such Series shall become immediately due and repayable at their principal amount, together with accrued interest, and (in respect of a Series of Secured Notes) the Series Security shall become enforceable.

The Events of Default in relation to each Series of Secured Notes include, *inter alia*, non-payment of any principal, premium and interest due in respect of the Notes of the relevant Series and failure of the Issuer or any Charging Group Member to perform or observe any of its other obligations under the Conditions of the Notes, the Note Trust Deed or the Security Documents (in each case, upon the expiry of the relevant grace period), 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).

The Events of Default in relation to each Series of Unsecured Notes include, *inter alia*, non-payment of any principal, premium and interest due in respect of the Notes of the relevant Series and failure of the Issuer to perform or observe any of its other obligations under the Conditions of the Notes or the Note Trust Deed (in each case, upon the expiry of the relevant grace period), 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).

<b>Taxation:</b>	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 10 ( <i>Taxation</i> ). In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 10 ( <i>Taxation</i> ), be required to pay additional amounts to cover the amounts so deducted.
<b>Meetings of Noteholders:</b>	The Conditions of the Notes and the Note Trust Deed contain provisions for calling meetings of Noteholders (including by way of conference call) of the relevant Series to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders of such Series including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.
<b>Modification and Waiver:</b>	The Note Trustee may, pursuant to Condition 18 ( <i>Meetings of Noteholders, Modification, Waiver and Authorisation</i> ), without the consent of Noteholders, Receiptholders, Couponholders or, in respect of a Series of Secured Notes, any Series Secured Party, agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, the Conditions, the Note Trust Deed or any other Programme Document or determine that any Potential Event of Default or Event of Default shall not be treated as such (subject to the proviso in Condition 18.2) or consent to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Note Trustee, proven. In respect of each Series of Secured Notes, no modification shall be made to Condition 4.2 ( <i>Post-enforcement</i> ) without the consent of each Series Secured Party.
<b>Risk Factors:</b>	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under " <i>Risk Factors</i> ".
<b>Rating:</b>	<p>The Issuer and the Programme (both in relation to Secured Notes and Unsecured Notes) have each been rated "A-" by S&amp;P and "A" by Fitch.</p> <p>Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Pricing Supplement and will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension,</p>

reduction or withdrawal at any time by the assigning rating agency.

**Admission to trading:**

Application has been made for Notes issued under the Programme to be admitted to trading on the ISM and, in respect of any Notes which are specified as "Sustainable Bonds" in the applicable Pricing Supplement, application may also (if so specified in the applicable Pricing Supplement) be made for such Notes to be admitted to trading on the SBM.

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

The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

**Arranger:**

NatWest Markets Plc

**Dealers:**

Barclays Bank PLC  
BNP Paribas  
HSBC Bank plc  
Lloyds Bank Corporate Markets plc  
National Australia Bank Limited (ABN 12 004 044 937)  
NatWest Markets Plc  
and any other Dealers appointed in accordance with the Programme Agreement.

**Principal Paying Agent,  
Account Bank and Retained  
Note Custodian:**

The Bank of New York Mellon, London Branch

**Note Trustee and Security  
Trustee:**

The Law Debenture Trust Corporation p.l.c.

**Governing Law:**

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

**Selling Restrictions:**

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

**United States Selling  
Restrictions:**

Regulation S, Category 1/2. TEFRA C or TEFRA D, as specified in the applicable Pricing Supplement.

## Risk Factors

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

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

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

### **Factors which may affect the Issuer's ability to fulfil its obligations under the Notes**

***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 Issuer. At the date of these Programme Admission Particulars the Issuer is continuing to monitor the full extent of the COVID-19 outbreaks and the impact on its operations but has taken, and continues to take, preparations and precautions to address the potential impact of the disease on its workforce and residents, 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 Issuer's profits may decline during any such outbreak and recovery period. Potential causes include, but may not be limited to:

- increased expenditure on measures to support the wellbeing of customers;
- increased expenditure on repairs should the ability to conduct timely routine maintenance be affected;
- increased recruitment of temporary staff should availability of the Issuer's own employees be impacted by illness or the need to self-isolate;
- reduced levels of rental income should customers' ability to pay their rents on time be impacted, leading to increased rental arrears; should it become more difficult to re-let properties, leading to increased voids; or should it become more difficult to complete construction of new schemes, leading to fewer new units becoming available for sale or for rental;
- reduced levels of sales income should housing market transactions decline as the result of an outbreak; and
- delays to planned development programme due to site closures or material shortages.

If any of these occur, this may adversely affect the ability of the Issuer to comply with its obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market.

## Risks relating to the Issuer's business activities and industry

**Commercial Development and Market Risk:** Residential property is subject to varying degrees of market and development risk. Market risks include the economic environment and the continuance of support through the Help to Buy programme. There are also risks arising from 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, trends in the United Kingdom. Development and regeneration of existing sites (some can be large in scale and complex, spanning over many years) 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.

While the Issuer is primarily a provider of affordable housing, it is subject to commercial pressures and therefore the Issuer Group undertakes diversified activities where income is subject to such commercial pressure.

The Issuer depends on an extensive network of contracted third party suppliers for its housing development programme. The Issuer's ability to meet its 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 ability of the Issuer to meet its payment obligations under the Notes.

**Sales Risk:** The majority of the properties of the Issuer are social rented (general needs, sheltered housing and supported housing), all of which have a limited exposure to housing market downturn risk. Rental income from these properties provides the majority of the Issuer's income.

However, the Issuer has exposure to housing market downturn risk through its shared ownership first tranche sales, social housing sales through its asset management strategy and its staircasing sales. The Issuer's revenue from first tranche sales, shared equity redemptions and staircasing receipts is exposed to market risk, including both demand and pricing risks.

For the financial year ended 31 March 2021, first tranche sales for the Issuer amounted to £38 million (2020: £59 million), which was 10.6 per cent. of turnover (2020: 15.5 per cent.) and had 338 (2020: 240) unsold shared ownership units. Staircasing receipts for the Issuer for the financial year ended 31 March 2021 were £42.9 million (2020: £44.6 million).

The impact of COVID-19 on the wider economy and employment in areas where the Issuer has sales may significantly reduce market confidence and demand as well as reduce sales values.

The exposure to market risk could have an impact on the Issuer's ability to meet its payment obligations under the Notes.

**Fire Safety Cost Risk:** Fire Safety Cost Risk is an area of the MTVH Group's operations under close review. In particular, the MTVH Group is affected by evolving government policy, regulation (particularly in terms of decisions relating to the banning (retrospectively) of certain materials and designs (such as aluminium composite material (**ACM**) cladding and timber balconies)) and funding to meet new commitments in this area.

Following the tragic events at Grenfell Tower in the Royal Borough of Kensington and Chelsea, the Issuer completed fire safety surveys on all of the blocks it owns with more than six storeys.

In total, the MTVH Group owns and/or manages 99 blocks which are more than 18 metres or six storeys, of which it is the freeholder of 23 blocks. There are a total of 73 blocks over 18 metres high. In the 23 freehold blocks, no material cladding risks have been identified. The Issuer is the leaseholder on the other 50 blocks, and 12 blocks have been identified as having either ACM or HPL (High Pressure Laminate) cladding that will require remediation. The Issuer is in constructive discussions with the ultimate freeholders, with the expectation that they will incur the costs of remediation. The remaining 26 blocks that are greater than six storeys but less than 18 metres high include two blocks with an element of ACM and the Issuer is progressing preparations for removal and replacement works.

With regard to other fire safety remediation issues for the highest risk buildings, such as compartmentation defects and inadequate cavity barriers, the anticipated costs of remediation of circa £108 million over the next 10 years are included in the business plan (before potential recovery).

In May 2021 the Board again reviewed its approach to fire safety in respect of buildings under 18 metres, to ensure consistency with current guidance and anticipated legislation, recognising that similar issues are faced by the whole UK build environment. The MTVH Group's current Business Plan has been updated to include a further £250 million to support mitigation measures across the entire portfolio to ensure resident safety. This will be a rolling programme of work across the portfolio over a number of years, which will ensure continued compliance with covenants and key credit metrics.

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 the Issuer is 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 on a timely basis under the Notes.

***Change in Government Policy on Rents:*** By virtue of its investment in, and management of, social housing assets the Issuer's business (and business model) is highly sensitive to UK Government policy in relation to housing. The Issuer's turnover is predominantly social housing letting activity. For the financial year ended 31 March 2021 it represented 80.0 per cent. of its consolidated turnover.

In particular, the Issuer is 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 universal credit receivable by residents; and
- (c) the availability of benefit payments to support residents unable to otherwise pay rents due. As at 31 March 2021, £117 million (being circa 45 per cent. of rent receivable) was being paid to the Issuer directly, and 9,761 tenants (equating to 31 per cent. of tenants) were in receipt of universal credit. If there is a reduction or termination by the UK Government of housing benefit or universal credit, then this may accordingly have an adverse impact on the payment of rent, as a higher proportion of tenants would have to pay a higher proportion of the rent themselves.

It is possible that the current COVID-19 outbreak (see risk factor headed "*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 Issuer's ability to meet its obligations in respect of the Notes.

**Housing Grant Risk:** The Issuer receives grant funding from a variety of sources, including the Greater London Authority and Homes England, which is used to fund the acquisition and development of housing properties and their components.

Due to the nature of grant funding, there is a risk that the amount of funding available and the terms of grants will vary. Following approval of a grant there is a risk that the grant awarding body may revise the terms of a grant and reduce entitlement or suspend or cancel any instalment of such a grant. In certain circumstances, including, but not limited to, failure to comply with conditions associated with the grant or a disposal of the property funded by a grant, the grant may be required to be repaid or reused. Any such reduction in or withdrawal, repayment or re-use of grant funding could adversely impact the future development of the Issuer and therefore the ability of the Issuer to meet its payment obligations to Noteholders in respect of the Notes.

**Rental Income Risk:** The Issuer's turnover depends on its capacity to collect rents due (arrears), and to let properties which are vacant (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 the Issuer to meet its payment obligations in respect of the Notes.

As at 31 March 2021, the Issuer had 9,761 (2020: 6,513) known claimants through the Universal Credit system. As at 31 March 2021, the Issuer's social rent arrears were at 4.98 per cent (2020: 4.8 per cent.). The Issuer experienced an increase in rent arrears in respect of its residents at the start of the COVID-19 outbreak but the arrears are now back to pre-COVID levels.

Non-payment, partial payment or any delay in payment of rent could increase rental income arrears and bad debts, and could adversely affect the Issuer's ability to meet its obligations in respect of the Notes.

**Risks related to Mergers or Business Acquisitions:** The MTVH Group has in the past entered into, and may in the future enter into, mergers or make business acquisitions that could impact on the performance and risk profile of the Issuer Group.

Mergers and acquisitions can involve a number of risks, such as the underlying business performing less well than expected after a merger or acquisition, integration diverting management's attention and the loss of key personnel within the acquired business and other risks inherent in the systems of the additional business and associated with unanticipated events or liabilities. All of these factors could have a material adverse effect on the Issuer Group's business, results of operations, financial condition or prospects and, in turn, the Issuer's ability to meet its payment obligations on a timely basis under the Notes.

**Right to Buy Risk:** The exercise by tenants of the Right to Buy could have an adverse impact on the rental cash flow (and operating margin) of the Issuer which could have an adverse impact on the ability of the Issuer to comply with its obligations under the Notes.

**Risks related to Stock and Zero Carbon:** In order to comply with regulatory requirements such as the Decent Homes Standard, the MTVH Group invests a significant amount in their property stock on an annual basis. New regulations, for example with regard to health, building safety and climate change, may significantly impact the required levels of spending on existing properties in the future. If the Issuer

was faced with material unforeseen renovation, maintenance or modernisation costs, this could impact upon its cash flow and ability to meet its payment obligations under the Notes.

A main theme emerging related to stock condition is UK zero carbon targets. On 3 December 2020, the UK announced ambitious new targets, setting it on the path to net zero carbon emissions by 2050. The plan aims for at least 68 per cent. reduction in greenhouse gas emissions by the end of the decade, compared to 1990 levels. As a large producer of carbon emissions, producing 22 per cent. of the UK's total emissions, the social housing sector will need to make significant investments to meet the zero carbon target. The MTVH Group has set aside around £125 million to get a minimum of 75 per cent. of its owned stock above an EPC grade of C by 2030.

The extent of investment for the MTVH Group in order to meet government targets and to comply with environmental legislation is unknown. If the MTVH Group was faced with material costs in this regard, this could have an adverse impact on the Issuer's cash flows and ability to meet its payment obligations on a timely basis under the Notes.

***Risks related to cybercrime and data protection:*** The MTVH Group collects and processes large amounts of personal data from customers, employees and business partners. Large organisations, such as the MTVH Group, are increasingly becoming targets for cyber-crime. There is a risk that this data could be 'locked', stolen, corrupted and/or misused as a result of internal or external activities, such as hacking or ransomware attacks. The loss of data access, particularly after a ransomware attack could lead to significant operational challenges and costs.

This could put pressure on the Issuer's resources in order to combat or react to such activities, which, in turn, could affect its ability to meet payment obligations under the Notes.

## **Legal and Regulatory Risk**

***Legal and Compliance Risk:*** The Issuer knows the significance to its operations of, and is focused on, adhering to all legal and compliance legislation, in particular those in relation to data protection (including the General Data Protection Regulation) and to health and safety including gas safety, fire safety, asbestos and legionella. The Issuer 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, data protection or taxation laws that has not already been reported and accounted for. If any of these were to occur in the future, this could have an adverse impact on the Issuer's results or operations and, in turn, the ability of the Issuer to meet its payment obligations to Noteholders in respect of the Notes.

To date, claims made against the Issuer have not had a material impact on its revenue or business, although there can be no assurance that the Issuer will not, in the future, be subject to a claim which may have a material impact upon its revenue or business which, in turn, could adversely affect the ability of the Issuer to meet its payment obligations to Noteholders in respect of the Notes.

Furthermore, the Issuer has the benefit of insurance for, among others, employer's liability, public liability and directors' and officers' liability at levels which the management of the Issuer considers to be prudent for the type of business in which the Issuer is engaged and commensurate with Registered Providers of Social Housing of a similar size.

***Regulatory Risk:*** On 16 December 2020, the Regulator published a strapline Regulatory Judgement for the MTVH Group, including the Issuer, which concluded that both the viability and governance standards were met and graded the Issuer (along with the other social housing entities in the MTVH Group) as "G1" for governance and "V2" for viability. The "G1" grading means that the MTVH Group



meets the governance requirements of the Regulator. The "V2" grading means that the MTVH Group meets the Regulator's viability requirements. It has the financial capacity to deal with a reasonable range of adverse scenarios but needs to manage material risks to ensure continued compliance.

Any breach of regulations could lead to the exercise of the Regulator's statutory powers. The Regulator publishes guidance on how it regulates. It adopts a proportionate approach with an emphasis on self-regulation and co-regulation. In practice, use of statutory powers is rare. Serious non-compliance with the economic standard is more likely to lead to a downgrade of the Regulator's published regulatory judgement and agreement with the Regulator of the corrective action to be taken. Any such intervention by the Regulator in respect of the Issuer may affect the ability of the Issuer to meet its payment obligations to Noteholders in respect of the Notes and could trigger an event of default under its other loan agreements.

### **Risks relating to the Issuer's Financial Situation**

**Capital Resources and Treasury Risk:** The Issuer currently relies on financing through the capital markets, through committed lines of credit from major banks and building societies and through secured term and revolving credit facilities. As at 31 March 2021, the MTVH Group had gross debt of £1,972 million, with £680 million undrawn. However, new bank and building society lines could become unavailable to the Issuer, for example, if banks and building societies are unable to provide new, or extend existing, facilities or if a reduction in the Issuer's credit rating makes the cost of accessing the public and private debt markets prohibitive, the Issuer could find itself unable to access these sources of financing. This may affect its ability to meet its payment obligations to Noteholders in respect of the Notes.

The Issuer is also subject to interest rate risk in respect of its variable rate borrowing with MTVH Group's drawn facilities split into 85 per cent. at fixed rates and 15 per cent. at variable rates, as at 31 March 2021. The Issuer has entered into a number of stand-alone interest rate hedges and fixed rates to protect against adverse movements in interest rates. The Issuer is exposed to negative mark-to-market exposure on ISDA based derivative transactions that may result in cash or property security being posted as collateral.

**Risks relating to withdrawal of the UK from the European Union:** On 31 December 2020, the UK withdrew from the European Union (the **EU**). The UK's current relationship with the EU, as regards trade, nuclear operations, and security cooperation, is governed by the European Union (Future Relationship) Act 2020 (**EUFRA 2020**), which received its Royal Assent on 30 December 2020. As at the date of these Programme Admission Particulars, it is too early to determine the consequences (if any) of the EUFRA 2020 on the Issuer's business and whether these could adversely affect the ability of the Issuer to meet its payment obligations to Noteholders in respect of the Notes and/or the market value and/or the liquidity of the Notes in the secondary market.

**Pensions Risk:** The Issuer and Thames Valley Housing Association Limited (**TVHA** and, together with the Issuer, the **MTVH RPs**) participate in the following defined benefit pension schemes:

- Metropolitan Thames Valley 2019 Pension Scheme (**MTVPS**);
- Local Government Pension Scheme (**LGPS**) administered by Nottinghamshire County Council (**Notts LGPS**); and
- Growth Plan administered by TPT Retirement Solutions.

## MTVPS

The MTVPS was established on 26 June 2019 and provides benefits that were originally accrued in the Pensions Trust – Social Housing Pension Scheme (**SHPS**) which were subsequently transferred to the MTVPS on 4 October 2019. The scheme is closed to new members and is not open to accrual, although some members retain a salary-link on some of their benefits.

On 28 February 2020, the MTVH RPs completed the first valuation of MTVPS, its new defined benefit pension scheme after the disaggregation from SHPS. This resulted in a funding deficit that was consistent with the deficit from the final SHPS valuation and a similar deficit repayment profile of around £6 million per year. On 28 February 2020, the MTVPS was assessed to be £51.6 million in deficit on an ongoing basis. In order to address the shortfall, the MTVH RPs have agreed to pay £5,686,000 per annum from 1 April 2021 to 28 February 2028, increasing at 2 per cent. per year every 1 April with the first increase on 1 April 2022.

Each of the MTVH RPs are admitted employers within the MTVPS.

As at 28 February 2020, there were 137 employed deferred members, 1174 deferred members and 598 pensioners.

## LGPS

The LGPS is a public sector pension scheme independently administered locally through various regional pension funds and is also a multi-employer scheme. The LGPS is a defined benefit scheme which is currently based on average earnings over a member's career.

Notts LGPS is a pension fund within the LGPS. The Issuer participates in the DCPF.

Financial Reporting Standard 102 (**FRS 102**) sets out the accounting standards for defined benefit pensions. Under FRS 102, actuarial valuations by a professional actuary must be obtained at intervals not exceeding three years.

The FRS102 Valuation Report for the year ending 31 March 2021 produced by the Scheme Actuary shows a net liability of £6,025,000. As at 31 March 2019, there were 12 active members, 16 deferred members and 47 pensioners. The employer contributions for the period to 31 March 2022 are estimated to be £148,000.

## Growth Plan

Growth Plan is a multi-employer scheme which provides benefits to some 950 non-associated participating employers. TVHA participated in the scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, sets out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the MTVH RPs are potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

In March 2021, the trustee notified TVHA that it no longer has any active members in the Growth Plan. Consequently, a cessation event is deemed to have occurred and a Section 75 debt on withdrawal is payable to cover TVHA's liabilities in the plan.

The scheme actuary has been instructed to calculate the debt on withdrawal payable, however, this can take up to 4 months to calculate. The MTVH RPs have included provision for a payment of £160,000 to the Growth Plan (which is an estimation) in respect of the Section 75 debt and actuarial fees payable by TVHA.

#### General points

There may be certain circumstances in which the sponsoring employers of the pension arrangements listed above are required to make good the funding deficit. Certain forms of restructuring of the MTVH Group 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 MTVH Group always carefully considers the pension implications of restructuring proposals and wherever possible ensures that such restructurings are organised to avoid pension liabilities crystallising.

There is also a risk that the MTVH RPs 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".

The Pensions Regulator may require certain parties to make contributions to certain pension schemes that have a deficit.

A contribution notice could be served on the MTVH RPs if either is connected/associated with an employer in a defined benefit scheme and if it was a party to, or knowingly assisted, an act of deliberate failure to act which (i) has detrimentally affected 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 Issuer or TVHA has a statutory defence, or (ii) the main purpose or one of the main purposes of which was either (a) to prevent the recovery of the whole or any part of a debt which was, or might become, due from the employer under Section 75 of the Pensions Act 1995; or (b) to prevent such a debt becoming due, to compromise or otherwise settle such a debt, or to reduce the amount of such debt which would otherwise become due.

A financial support direction could be served on the MTVH RPs if either is connected to/associated with an employer in a defined benefit scheme (which could include Growth Plan) which is a service company or insufficiently resourced. A service company is a group company whose turnover is solely or principally derived from amounts charged for supplying employees to other members of the group. An employer is insufficiently resourced if the value of its resources is less than 50 per cent. of the pension scheme's deficit calculation on an annuity buy-out basis but if the value of the resources of one or more connected/associated persons, when added to the employer's resources, would at least equal 50 per cent. of the estimated employer debt calculated on an annuity buy-out basis. For the resources of more than one connected/associated employer to be taken into account, they must also be connected/associated with each other.

A financial support direction or contribution notice can only be served where the Pensions Regulator considers it is reasonable to do so.

If a contribution notice or financial support direction were to be served on either of the MTVH RPs, this could have an adverse impact on the cash flow of the business. If the amount payable under a

contribution notice or support direction was material, this could adversely affect its ability to meet its payment obligations on a timely basis under its financing arrangements and an adverse impact on the ability of the Issuer to comply with its obligations under the Sustainable Bonds.

### **Internal Control Risk**

**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.

### **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

**Redemption prior to maturity:** In the event that the Notes become repayable prior to maturity either following an Event of Default (as defined in the Conditions), due to taxation reasons (pursuant to Condition 9.2 (*Redemption for tax reasons*) or at the option of the Issuer (pursuant to Condition 9.3 (*Redemption at the option of the Issuer (Issuer Call)*), Condition 9.4 (*Maturity Par Call Option*) or Condition 9.5 (*Residual Call Option*)), the Notes will be redeemed in full in an amount equal to that specified in the Conditions or the applicable Pricing Supplement, 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 Notes. Furthermore, the optional redemption feature of the Notes 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.

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

Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the **UK Benchmarks Regulation**) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the UK (which, for these purposes, includes the United Kingdom). Among other things, it:

- (a) requires benchmark administrators to be authorised or registered (or, if non-UK-based, to be subject to an equivalent regime or otherwise recognised or endorsed); and
- (b) prevents certain uses by UK supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-UK based, not deemed equivalent or recognised or endorsed).

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

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

It is not possible to predict with certainty whether, and to what extent, SONIA or any other benchmark will continue to be supported going forwards. This may cause SONIA or any such benchmark to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks:

- (a) discouraging market participants from continuing to administer or contribute to a benchmark;
- (b) triggering changes in the rules or methodologies used in the benchmark; and/or
- (c) leading to the disappearance of the benchmark.

SONIA is a relatively new rate, and the Bank of England (or a successor), as administrator of SONIA, may make methodological or other changes that could change the value of SONIA, including changes related to the method by which SONIA is calculated, eligibility criteria applicable to the transactions used to calculate SONIA, or timing related to the publication of SONIA. If the manner in which SONIA is calculated is changed, that change may result in a reduction of the amount of interest payable on the relevant Notes, which may adversely affect the trading prices of such Notes. The administrator of SONIA may withdraw, modify, amend, suspend or discontinue the calculation or dissemination of SONIA, respectively, in its sole discretion and without notice and has no obligation to consider the interests of holders of the Floating Rate Notes in calculating, withdrawing, modifying, amending, suspending or discontinuing SONIA.

In its *"Summary and response to market feedback - Supporting Risk-Free Rate transition through the provision of compounded SONIA"* as updated in July 2020, the Bank of England confirmed that it would produce and, from August 2020, publish, its SONIA Compounded Index using the methodology described in that paper (and that it would not publish a set of period averages). The provisions of the Conditions of the Notes for determining the Rate of Interest by reference to the SONIA Compounded Index are based upon the guidance given by the Bank of England in its July 2020 paper for calculating compounded SONIA rates by reference to the SONIA Compounded Index. There can be no assurance that the Bank of England's methodology for determining the SONIA Compounded Index, or its guidance for calculating compounded SONIA rates by reference to such index, will not change over time.

Any of the above changes, or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The Conditions of the Notes provide for certain fallback arrangements in the event that an Original Reference Rate and/or any page on which an Original Reference Rate may be published (or any other successor service) becomes unavailable or a Benchmark Event (as defined in the Conditions) otherwise occurs. Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Successor Rate or an Alternative Rate (both as defined in the Conditions), with or without the application of an adjustment spread and may include amendments to the Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by the Issuer (acting in good faith and in consultation with an Independent Adviser). An adjustment spread, if applied, could be positive or negative and would be applied with a view to reducing or eliminating, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of an Original Reference Rate. However, it may not be possible to determine or apply an adjustment spread and, even if an adjustment is applied, such adjustment spread may not be effective to reduce or eliminate economic prejudice to investors. If no adjustment spread can be determined, a Successor Rate or Alternative Rate may nevertheless be used to determine the Rate of Interest. The use of a Successor Rate or Alternative Rate (including with the

application of an adjustment spread) may still result in any Notes linked to or referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Rate is determined, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time. It should also be noted that fallbacks for benchmarks in hedges may operate differently than under Notes. Investors are recommended to consult their own independent advisers.

***The market continues to develop in relation to risk-free rates (including overnight rates) as reference rates:*** Interest on the Notes may be determined by reference to a risk-free rate such as SONIA. SONIA, whether determined on a compounded daily basis or as a weighted average rate for a specified period, is backwards-looking, risk-free overnight rates. As such, investors should be aware SONIA may behave materially differently from other forward-looking term rates. The use of SONIA, whether on a compounded daily or a weighted average basis, as a reference rate for bonds is nascent, and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of debt securities referencing SONIA.

Accordingly, prospective investors in any Notes referencing SONIA should be aware that the market continues to develop in relation to SONIA as reference rates in the capital markets. For example, in the context of backwards-looking SONIA rates, market participants and relevant working groups are, as at the date of these Programme Admission Particulars, currently exploring alternative reference rates based on SONIA, including forward-looking 'term' SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The adoption of SONIA may also see component inputs into swap rates or other composite rates transferring from another reference rate to SONIA.

The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions as applicable to Notes referencing SONIA that are issued under this Programme. Furthermore, the Issuer may in future issue Notes referencing SONIA that differ materially in terms of interest determination when compared with any previous SONIA-referenced Notes issued by it under the Programme. The nascent development of SONIA as interest reference rates for the bond markets, as well as continued development of SONIA-based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SONIA-referenced Notes issued under the Programme from time to time.

The manner of adoption or application of SONIA-based rates in one market may differ materially compared with the application and adoption of SONIA-based rates in other markets, such as the derivatives and loan markets, including the manner of adoption or application by the Issuer. Investors should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing SONIA. If the market adopts a different calculation method that would likely adversely affect the market value of such SONIA-referenced Notes.

Investors should carefully consider these matters when making their investment decision with respect to any such Notes.

***The Rate of Interest on Notes which reference SONIA will be capable of being determined only near the end of the relevant Interest Period:*** The Rate of Interest on Notes which reference SONIA is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference SONIA to estimate reliably the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of such Notes. Because of the delay between the final day on which SONIA is observed in connection with any interest determination and the related Interest Payment Date, increases in the level of SONIA, which occur during such period will not be reflected in the interest payable on such Interest Payment Date, and any such increase will (if "Lag", "Lookback" or "Observation Shift" is specified as being the "Observation Method" in the applicable Pricing Supplement) instead be reflected in the following Interest Period. Further, if Notes referencing SONIA become due and payable as a result of an Event of Default under Condition 12, or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Notes shall only be determined immediately prior to the date on which the Notes become due and payable, and shall not be reset thereafter.

***If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned:*** Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

***Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates:*** The market values of securities issued at a substantial discount or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

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

The Conditions of the Notes and the Note Trust Deed also provide that the Note Trustee may, without the consent of the Noteholders:

- (a) agree to any modification (except as stated in the Note Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or any Programme Document (to which it is a party);
- (b) determine without the consent of the Noteholders 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 Notes in place of the Issuer, in the circumstances described in the Conditions,

provided, in each case, that the Note Trustee is of the opinion that to do so would not be materially prejudicial to the interests of Noteholders.

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

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

**Change in Law:** Changes in law may affect the rights of Noteholders as well as the market value of the Notes. The Conditions of the Notes are based on English law and regulatory and administrative practice in effect as at the date of these Programme Admission Particulars. No assurance can be given as to the impact of any possible judicial decision or change to English law or regulatory or administrative practice in the United Kingdom after the date of these Programme Admission Particulars. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on an investment in the Notes.

On 17 November, 2020 the Government published "*The Charter for Social Housing Residents: Social Housing White Paper*" (the **White Paper**). This document sets out wide-ranging proposals to transform and strengthen the regulatory regime to ensure it holds all Registered Providers to account for the services they deliver, drives good service for tenants and protects economic regulation. See further "*Description of the Regulation and Funding Environment applicable to the Issuer*" below for further details of the measures.

The measures are likely to include increased legislative obligations on the Issuer in relation to health and safety matters and will also place further reporting obligations on the Issuer in terms of its communications with tenants. It is likely that there will be associated costs for the Issuer in complying with these measures.

Any breach of the new measures once they are in force could lead to the exercise of the Regulator's statutory powers. As part of the new measures, there is an intention to strengthen the Regulator's enforcement powers to tackle failing Registered Providers. This will include removing the cap on the level of fines the Regulator may charge. Any such intervention by the Regulator in respect of the Issuer may affect the ability of its ability to meet its payment obligations under the Notes.

**Risks related to Early Redemption for Taxation reasons:** Under Condition 10 (*Taxation*), the Issuer will not be entitled to make any deduction or withholding on account of tax from payments in respect of



the Notes unless such withholding or deduction is required by law. In the event that any deduction or withholding on account of tax is required by law, the Issuer shall be required (except in the limited circumstances set out in Condition 10 (*Taxation*)) to pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required. Where the deduction or withholding is required as a result of a change in applicable law or regulations, the Issuer may exercise its option to redeem the Notes of the relevant Series in full in an amount equal to that specified in the applicable Pricing Supplement, plus accrued interest, pursuant to Condition 9.2 (*Redemption for tax reasons*). As mentioned above, 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 Notes.

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

**Use of Proceeds / Sustainable Bonds:** To the extent specified in the applicable Pricing Supplement, Notes issued under the Programme are intended to be Sustainable Bonds (as defined in the Sustainable Financing Framework (as defined in the section headed "*Use of Proceeds and Sustainable Financing Framework*" below)) and the net proceeds from the issue of Notes of each Series will be used by the Issuer for sustainable purposes as set out in the applicable Pricing Supplement.

No assurance is given by the Issuer, the Arranger, the Dealers or any other person that the use of the proceeds of issue of any Notes will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates.

If the use of proceeds of any issue of Notes is a factor in a prospective investor's decision to invest in such Notes, they should consider the disclosure in the section headed "*Use of Proceeds and Sustainable Financing Framework*" and the applicable Pricing Supplement and consult with their legal or other advisers before making an investment in the Notes and must determine for themselves the relevance of such information for the purpose of any investment, together with any other investigation such investor deems necessary.

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

Furthermore, there is no contractual obligation to allocate the proceeds of any Notes to finance eligible businesses and projects as described in the applicable Pricing Supplement. The Issuer's failure to allocate the proceeds of any particular Sustainable Bond to finance an eligible project or to provide annual progress reports, the failure of any of the eligible projects to meet any or all investor expectations regarding such performance objectives, or the failure of an independent external review provider to issue a second party opinion on the allocation of the bond proceeds, will not constitute an Event of Default or

breach of contract with respect to any particular Sustainable Bond and none of the Note Trustee, the Arranger or the Dealers will have any responsibility for monitoring the application of any such proceeds.

No assurance or representation is given by the Issuer, the Arranger, the Dealers or any other person as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Notes (including, without limitation, any Second Party Opinion (as defined below)). For the avoidance of doubt, any such opinion or certification is not, nor shall it be deemed to be, incorporated in and/or form part of these Programme Admission Particulars. Any such opinion or certification is not, nor should it be deemed to be, a recommendation by the Issuer, the Arranger, the Dealers or any other person to buy, sell or hold any such Notes. The Noteholders have no recourse against the Issuer, the Arranger, any Dealer or the provider of any such opinion or certification for the contents of any such opinion or certification. Any such opinion or certification is only current as at the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in any Notes. Currently, the providers of such opinions and certifications are not subject to any specific or regulatory or other regime or oversight.

In the event that any such Notes are listed or admitted to trading on any dedicated "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), including the Sustainable Bond Market of the London Stock Exchange plc, no representation or assurance is given by the Issuer, the Arranger, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect sustainable impact of any projects or uses, the subject of or related to, any sustainability reports. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Arranger, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

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

### **Risks Relating to the Security for the Secured Notes**

**Considerations relating to the Series Security:** The validity of any security given by the Issuer and any Charging Group Member in connection with additions of Charged Properties may depend on the solvency of the Issuer or the relevant Charging Group Member, as applicable, at the time of the grant. If any Series Security is found to be invalid as a result, this will affect the amounts available to Noteholders in the event of a default under the Secured Notes.

**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 "person in control" is not specifically defined and 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 Issuer and the Charging Group Members 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, in respect of the Issuer, affect its ability to meet its payment obligations under the Secured Notes.

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 Issuer's and the Charging Group Members' ability to sell, lease or refinance the Charged Property. Any environmental liability imposed on the Issuer could also affect its ability to meet its payment obligations under the Secured Notes.

***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 Issuer's payment obligations under the Secured Notes.

***Fixed charges may take effect under English law as floating charges:*** Pursuant to the Note Trust Deed, the Issuer has purported to grant fixed charges over, amongst other things, all moneys and/or securities from time to time standing to the credit of each Series Charged 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 Note 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 Note 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. Consequently, there may be less moneys available to pay Noteholders what is owed to them under the Secured Notes.

***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 the Issuer, thereby reducing the amounts available to the Issuer to pay amounts owing under the Secured Notes.

***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 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 the Issuer or a Charging Group Member or could result in a housing administrator disposing of Charged Property belonging to the Issuer or a Charging Group Member at a time when proceeds are not sufficient to discharge the Issuer's obligations under the Secured Notes.

## Risks Relating to the Unsecured Notes

**Unencumbered Assets Test:** The Unencumbered Assets Test calculates the number of unencumbered assets based on the value of total assets less the secured debt of the Issuer.

All secured debt facilities and secured standalone derivatives of the Issuer contain an asset cover covenant, requiring the Issuer to charge real property assets with an aggregate value in excess of the principal amount of the secured debt or hedging liabilities (such excess being the **Asset Cover Haircut**). The Asset Cover Haircut is typically 105-110 per cent. EUV-SH and 115-125 per cent. MV-ST.

A calculation of the unencumbered assets on the basis of the value of total assets less the aggregate of (a) secured debt plus (b) the Asset Cover Haircut would produce a lower figure.

As the Unencumbered Assets Test takes no account of the Asset Cover Haircut (i.e. the additional security that the Issuer must charge in excess of the principal amount of the secured debt facilities and standalone derivatives) it will artificially inflate the unencumbered assets figure which holders of Unsecured Notes may have access to in an enforcement scenario. Consequently, there may be less moneys available to pay Noteholders in such circumstances as may be implied by the Unencumbered Assets Test.

## Risks related to the market generally

**Potential Limited Liquidity:** Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

**The value of Fixed Rate Notes may be adversely affected by movements in market interest rates:** Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

**Exchange rate risks and exchange controls:** The Issuer will pay principal and interest on the Notes in Sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (**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 Notes, (b) the Investor's Currency equivalent value of the principal payable on the Notes and (c) the Investor's Currency equivalent market value of the Notes.

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

**Credit ratings may not reflect all risks:** The on-going creditworthiness of the Issuer depends on many factors, including the link to national government, industry, competitive, financial and operational performance, economic factors, the level of drawn debt, the ability to access new debt and the strength

of the Issuer's management and governance structure. Actual deterioration or a perceived deterioration in any of these factors or a combination of these factors may result in a downgrade in the Issuer's perceived creditworthiness as indicated by the Issuer's issued credit ratings that could, in turn, cause the trading price of the Notes to decline and may result in a loss of all or part of an investment in the Notes.

As with any rated entity, the rating of the Issuer may be susceptible to further adjustments (whether upward or downward) and, in particular, any adjustments which may be made as a result of a rating agency's methodology as applied to the Issuer or any other member of the Issuer Group.

As at the date of these Programme Admission Particulars, each of Fitch and S&P is established in the UK and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the **UK CRA Regulation**). Neither Fitch nor S&P is established in the European Union nor have they applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the ratings issued by Fitch and S&P have been endorsed by Fitch Ratings Ireland Limited and S&P Global Ratings Europe Limited, respectively, in accordance with the CRA Regulation. As at the date of these Programme Admission Particulars each of Fitch Ratings Ireland Limited and S&P Global Ratings Europe Limited is established in the European Union and registered under the CRA Regulation. As such, each of Fitch Ratings Ireland Limited and S&P Global Ratings Europe Limited is included in the list of credit rating agencies published by the ESMA on its website in accordance with the CRA Regulation.

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

## Form of the Notes

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

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

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Pricing Supplement will also indicate whether such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will be The Bank of New York Mellon, London Branch (unless, at the time of issue of a Tranche of Notes, such Notes would satisfy the Eurosystem eligibility criteria and Euroclear or Clearstream, Luxembourg agrees to act as Common Safekeeper, in which case the Common Safekeeper will be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg).

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

On and after the date which is 40 days after a Temporary Global Note is issued (**Exchange Date**), interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for:

- (a) interests in a Permanent Global Note of the same Series; or
- (b) for definitive Notes of the same Series with, where applicable, principal receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement),

in each case against certification of beneficial ownership as described above unless such certification has already been given.

The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the

Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

The option for an issue of Notes to be represented on issue by a Temporary Global Note exchangeable for definitive Notes should not be expressed to be applicable in the applicable Pricing Supplement if the Notes are issued with a minimum Specified Denomination such as £100,000 plus one or more higher integral multiples of another smaller amount such as £1,000.

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

The applicable Pricing Supplement will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, principal receipts, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that:

- (a) an Event of Default (as defined in the Conditions) has occurred and is continuing;
- (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 Note Trustee is available; or
- (c) the Issuer has or will become subject to adverse tax consequences which would not be suffered if the Notes represented by the Permanent Global Note were in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Note Trustee.

The Issuer will promptly give notice to Noteholders in accordance with Condition 16 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Note 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.

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

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

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

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

## General

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

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

The Issuer may agree with any Dealer and the Note Trustee that Notes may be issued in a form not contemplated by the Conditions of the Notes, in which event a new Programme Admission Particulars or a supplement to these Programme Admission Particulars will be made available which will describe the effect of the agreement reached in relation to such Notes.



## Conditions of the Notes

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

This Note is one of a Series (as defined below) of Notes issued by Metropolitan Housing Trust Limited (the **Issuer**) and constituted by a Note Trust Deed dated 16 July 2021 (as modified and/or supplemented and/or restated from time to time, the **Note Trust Deed**) made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the **Note Trustee**, which expression shall include any successor as Note Trustee).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

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

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement dated 16 July 2021 (as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) and made between the Issuer, the Note Trustee, The Bank of New York Mellon, London Branch as issuing and principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and 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) and The Bank of New York Mellon, London Branch as agent bank (the **Agent Bank**, which expression shall include any duly appointed successor agent bank).

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed on this Note which supplement these Conditions (the **Conditions**). References to the **applicable Pricing Supplement** are, unless otherwise stated, to Part A of the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

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

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

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

The applicable Pricing Supplement shall specify whether the Issuer's obligations in respect of a Series of Notes will be secured in accordance with the provisions of Condition 4 (*Security*) (such Notes, **Secured Notes**) or not so secured (such Notes, **Unsecured Notes**).

Copies of the Note Trust Deed, the Agency Agreement, the Retained Note Custody Agreement and, in respect of Secured Notes, the Account Agreement and the Security Documents are available for inspection during normal business hours at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the London Stock Exchange's International Securities Market, the applicable Pricing Supplement will be published on the website of the London Stock Exchange through a regulatory information service or published in any other manner permitted by the International Securities Market Rulebook effective as of 25 February 2019 (as may be modified and/or supplemented and/or restated from time to time). The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Note Trust Deed, the Agency Agreement, the Account Agreement, the Retained Note Custody Agreement and the Security Documents and the applicable Pricing Supplement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Note Trust Deed, the Agency Agreement, the Account Agreement, the Retained Note Custody Agreement and the Security Documents.

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

## **1 Definitions**

**Account Agreement** means the Account Agreement dated 16 July 2021 between the Issuer, the Account Bank and the Note Trustee, as amended and/or supplemented and/or restated from time to time.

**Account Bank** means The Bank of New York Mellon, London Branch as account bank pursuant to the Account Agreement or any successor account bank appointed thereunder.

**Additional Properties** has the meaning given to it in Condition 6.1 (*Addition of New Charged Properties*).

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

**Asset Cover Test** means the financial covenant set out in Condition 5.1(c) (*Asset Cover Covenant*).

**Authorised Signatory** means, in respect of the Issuer, any Charging Group Member or any other entity, a board member, a director, the secretary or any senior executive officer of the

Issuer, such Charging Group Member or such other entity, as the case may be, or as authorised by the Issuer, such Charging Group Member or such other entity pursuant to an incumbency or similar certificate.

**Beneficiaries** means, collectively, the beneficiaries under the Security Trust Deed.

**Certificate of Title** has the meaning given to it in the Security Trust Deed.

**Charged Cash** means, in respect of each Series of Secured Notes, at any time, the aggregate of all amounts standing to the credit of the Series Charged Account in respect of such Series at such time.

**Charged Properties** means, at any time, the property legally mortgaged and any other freehold or leasehold property charged by way of first fixed charge pursuant to a Legal Mortgage and which comprises the NAB Security (where the Numerical Apportionment Basis applies) or the Specific Designated Security (where the Specific Apportionment Basis applies).

**Charging Group Member** means any Eligible Group Member which has acceded to the Security Trust Deed and created security in favour of the Security Trustee for the benefit of the relevant Series Secured Parties in respect of one or more Series of Secured Notes pursuant to, and in accordance with, the Security Documents, subject to such Eligible Group Member ceasing to be a Charging Group Member in accordance with the Note Trust Deed and the Security Trust Deed.

**Compliance Certificate** means a certificate, signed by two Authorised Signatories of the Issuer, substantially in the form set out in Schedule 5 (*Form of Compliance Certificate*) to the Note Trust Deed setting out, *inter alia*:

- (a) in respect of a Series of Secured Notes, calculations in respect of the Asset Cover Test; and
- (b) in respect of a Series of Unsecured Notes, calculation in respect of the Unencumbered Assets Test.

**continuing** means, in respect of an Event of Default, that such Event of Default is continuing unremedied and unwaived to the satisfaction of the Note Trustee.

**Designated Properties Schedule** means, in relation to each Series of Secured Notes, a schedule agreed from time to time between the Representative and the Issuer and in accordance with the Security Trust Deed setting out details of the Designated Security in respect of such Series of Secured Notes.

**Designated Security** has the meaning given to it in the Security Trust Deed.

**Desk Top Valuation** means, in relation to the Charged Properties, a valuation of those properties conducted in accordance with the same methodology as a Full Valuation addressed to, *inter alios*, the Note Trustee provided by a Valuer on a "desk-top" basis, and **Desk Top Valuation Basis** shall be construed accordingly.

**Eligible Group Member** means any member of the MTVH Group (other than the Issuer) which is a Registered Provider of Social Housing.

**EUV-SH** means a valuation made on the basis of existing use value for social housing ("EUV-SH") as defined by the RICS at UK VPGA 7 of the RICS Valuation – Global Standards 2017 UK National Supplement (or, if a subsequent edition of the RICS Valuation Standards has been published at the relevant time, the relevant valuation standard of the then most recently published edition of the RICS Valuation Standards) (effectively assuming that the properties will continue to be let as social housing and that any vacant Units will be re-let to tenants on normal social housing terms) or, if the RICS Valuation Standards are no longer published at such time, on a basis agreed between the Issuer, the Note Trustee and a Valuer and (for so long as security is allocated to the Series Secured Parties on a Numerical Apportionment Basis) the Representatives of each other NAB Beneficiary, and **EUV-SH Charged Properties** shall be construed accordingly.

**Event of Default** means:

- (a) in respect of a Series of Secured Notes, a Secured Note Event of Default; and
- (b) in respect of a Series of Unsecured Notes, an Unsecured Note Event of Default.

**Expense Apportioned Part** means, for so long as the Secured Notes of more than one Series are outstanding, the amount of the fees, costs, expenses and other liabilities of the Issuer which are not referable to a specific Series of Secured Notes and which shall instead be apportioned between each Series of Secured Notes outstanding *pro rata* to the principal amount outstanding of each such Series.

**Final Retained Note Disposal Date** means, in respect of each Series of Notes where Retained Notes are specified as applicable in the applicable Pricing Supplement, the first date on which no Retained Notes of such Series are held by or on behalf of the Issuer, either as a result of a sale to a third party or following cancellation of such Retained Notes in accordance with Condition 9.11 (*Cancellation*).

**Financial Year** means each 12 month period ending on 31 March.

**Fixtures** means, in relation to any Charged Property, all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery from time to time thereon owned by the Issuer or the relevant Charging Group Member, as the case may be.

**Full Valuation** means, in relation to the Charged Properties, any Additional Properties or any New Substitute Properties, a valuation of those properties addressed to, *inter alios*, the Note Trustee provided by a Valuer containing such information as is relevant to the portfolio of the Charged Properties, the Additional Properties or the New Substitute Properties, as the case may be, and showing the value of the properties on the basis of EUV-SH and/or MV-ST (to the extent applicable) or, where agreed between the Note Trustee, the Issuer and (for so long as security is allocated to the Series Secured Parties on a Numerical Apportionment Basis) the Representatives of each other NAB Beneficiary, a letter from the relevant Valuer confirming that there have been no material changes in respect of a previous Full Valuation given by such Valuer in respect of such properties, and **Full Valuation Basis** shall be construed accordingly.

**holding company** means, in respect of any entity, a person in respect of which such entity is its Subsidiary as defined in section 271 of the Housing and Regeneration Act or a person which has direct and indirect control or owns directly or indirectly more than 50 per cent. of the voting capital or similar rights of ownership of such entity and control for this purpose means the

powers to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise.

**Housing and Regeneration Act** means the Housing and Regeneration Act 2008 (as amended from time to time).

**Insurances** means all contracts and policies of insurance of whatever nature which are from time to time taken out by or with the authority and on behalf of the Issuer or the relevant Charging Group Member, as the case may be, in relation to the Charged Properties or any of them.

**Issuer Group** means, together, the Issuer and its Subsidiaries.

**Legal Mortgage** means, in the case of Secured Notes, each legal mortgage entered into or to be entered into between an Obligor and the Security Trustee under which such Obligor provides security over, *inter alia*, certain Properties in favour of the Security Trustee for the benefit of, *inter alios*, the Series Secured Parties and substantially in the form set out in Schedule 5 to the Security Trust Deed.

**Letting Documents**, in relation to a Unit or Charged Property, has the meaning given to that term in the Legal Mortgage under which such Unit or Charged Property is charged.

**Minimum Value** means, in respect of each Series of Secured Notes:

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

where:

A = the Value of the residential EUV-SH Charged Properties in respect of such Series determined on the basis of EUV-SH and

B = the Value of the residential MV-ST Charged Properties in respect of such Series, determined on the basis of MV-ST.

For the avoidance of doubt, the Charged Properties shall 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 such Charged Properties and the Valuer has confirmed that it has reviewed a Certificate of Title in respect of such Charged Property certifying that it may be disposed of by the Issuer or the relevant Charging Group Member, as applicable, 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).

**MTVH Group** means, together, the Issuer, its Subsidiaries, any holding company of the Issuer and any Subsidiaries of any such holding company.

**MV-ST** means a valuation made on the basis of the current Market Value as defined by the RICS at VPS4 of the RICS Valuation - Global Standards 2017 UK National Supplement (or, if a subsequent edition of the RICS Valuation Standards has been published at the relevant time, the relevant valuation standard of the then most recently published edition of the RICS Valuation Standards) (effectively, in these circumstances, based on the fact that the properties are subject to existing tenancies but are not restricted to use as social housing let at sub-market rents, and

that any Units that become vacant may be sold with vacant possession) or, if the RICS Valuation Standards are no longer published at such time, on a basis agreed between the Issuer, the Note Trustee and a Valuer and (for so long as security is allocated to the Series Secured Parties on a Numerical Apportionment Basis) the Representatives of each other NAB Beneficiary, and **MV-ST Charged Properties** shall be construed accordingly.

**MV-ST Charged Properties** means the Charged Properties accepted as such in accordance with these Conditions.

**NAB Beneficiaries** means the Beneficiaries who have been allocated Charged Properties on a Numerical Apportionment Basis (and **NAB Beneficiary** shall be construed accordingly).

**NAB Security** has the meaning given to it in the Security Trust Deed.

**NAB Trustee Costs** has the meaning given to it in the Security Trust Deed.

**New Property Approval Certificate** means a certificate, signed by two Authorised Signatories of the Issuer, substantially in the form set out in Schedule 6 (*Form of New Property Approval Certificate*) to the Note Trust Deed.

**New Substitute Properties** has the meaning given to it in Condition 6.2 (*Substitution of Charged Properties*).

**Numerical Apportionment Basis** has the meaning given to it in the Security Trust Deed.

**Obligor** means the Issuer and each Charging Group Member.

**Permitted Reorganisation** means any amalgamation, merger, consolidation or transfer of engagements of the whole of the Issuer's or (in respect of Secured Notes) any Charging Group Member's property (including, for the avoidance of doubt, any statutory procedure as provided for under the Co-operative and Community Benefit Societies Act 2014 (or otherwise)) made between the Issuer or such Charging Group Member, as the case may be, (**Party A**) and any other entity (**Party B**), provided that:

- (a) any new amalgamated entity to be created as a result thereof will be a Registered Provider of Social Housing at the time such Permitted Reorganisation becomes effective;
- (b) 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 such Party B or new amalgamated entity, Party B or such new amalgamated entity, as the case may be, will thereafter be responsible for all the liabilities of Party A pursuant to the Co-operative and Community Benefit Societies Act 2014 (or otherwise); and
- (c) a certificate executed by two Authorised Signatories of Party A or Party B confirming the above is provided to the Note Trustee.

**Potential Event of Default** means any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination, the forming of any opinion or any combination thereof) constitute a Secured Note Event of Default or an Unsecured Note Event of Default (as the case may be), and **Secured Note Potential Event of Default** and **Unsecured Note Potential Event of Default** shall be construed accordingly.

**Programme Documents** means the Note Trust Deed, the Agency Agreement, the Retained Note Custody Agreement and (in respect of Secured Notes) the Account Agreement and the Security Documents.

**Programme Party** means any person who is party to a Programme Document.

**Property** means all estates or interests of an Obligor in any freehold 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).

**Property Release/Reallocation Certificate** means a certificate, signed by two Authorised Signatories of the Issuer, substantially in the form set out in Schedule 8 (*Form of Property Release/Reallocation Certificate*) to the Note Trust Deed.

**Receiver** means any receiver, manager, receiver and manager or administrative receiver appointed by the Note Trustee under the Note Trust Deed or under the Note Trustee's statutory power relating thereto in respect of the Issuer.

**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 or any replacement or successor legislation thereto or a person having a status which, in the opinion of the Issuer and the Note Trustee, is substantially equivalent under any replacement or successor legislation.

**Regulator** means the Regulator of Social Housing established pursuant to the Legislative Reform (Regulator of Social Housing) (England) Order 2018 and any successor or successors for the time being or any similar future authority or authorities carrying on substantially the same regulatory and/or supervisory functions.

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

**Representative** means, in respect of each Series of Secured Notes, the Note Trustee in its capacity as Representative for the relevant Series Secured Parties.

**Retained Note Custodian** means The Bank of New York Mellon, London Branch as retained note custodian pursuant to the Retained Note Custody Agreement or any successor retained note custodian appointed thereunder.

**Retained Note Custody Agreement** means the Retained Note Custody Agreement dated 16 July 2021 between the Issuer, the Retained Note Custodian and the Note Trustee, as amended and/or supplemented and/or restated from time to time.

**Retained Notes** means, in respect of each Series of Notes where Retained Notes are specified as applicable in the applicable Pricing Supplement, the Notes of such Series purchased by the Issuer on the applicable Issue Date in the principal amount specified in the applicable Pricing Supplement.

**RICS** means the Royal Institution of Chartered Surveyors.

**Right to Buy** means the right of a tenant of a property to buy or acquire part or all of that property (including, without limitation, by means of a Shared Ownership Lease) from the Issuer or a Charging Group Member under section 180 of the Housing and Regeneration Act 2008 or Part V of the Housing Act 1985 (or any similar right or scheme replacing or supplementing that right) or where a grant is provided to the Issuer or a Charging Group Member in respect of such a sale under section 35(1) of the Housing and Regeneration Act or any other statute conferring similar rights to buy or acquire to tenants of Registered Providers with which the Issuer or such Charging Group Member is obliged to comply or under any contract or other voluntary arrangement conferring such a right (and including, without limitation, such rights preserved notwithstanding any previous transfer of that property from any local authority).

**Rolling Valuation** means a valuation prepared in accordance with Condition 5.1(d)(i) (*Valuations*).

**Rules** means the rules of the Issuer, as amended from time to time.

**Secured Note Event of Default** has the meaning given to it in Condition 12.1(a) (*Secured Note Events of Default*).

**Security Assets** means all assets, rights and property mortgaged, charged or assigned or the subject to any security created pursuant to any Legal Mortgage.

**Security Documents** means the Security Trust Deed and each Legal Mortgage.

**Security Trust Deed** means the Security Trust Deed originally dated 27 September 2019 and amended and restated on 15 July 2021 between the Issuer and the Security Trustee, as further amended and/or supplemented and/or restated from time to time.

**Security Trustee** means The Law Debenture Trust Corporation p.l.c., as security trustee under the Security Trust Deed for, *inter alios*, the Series Secured Parties in respect of each Series of Secured Notes or any successor security trustee appointed thereunder.

**Series Charged Account** means, in relation to each Series of Secured Notes, an account of the Issuer established in respect of such Series in accordance with the Account Agreement.

**Series Charged Property** has the meaning given to it in Condition 4.1(f) (*Series Security*).

**Series Property Security** has the meaning given to it in Condition 4.1(c) (*Series Security*).

**Series Secured Parties** means, in relation to each Series of Secured Notes, each of the Note Trustee (for itself and on behalf of the Noteholders of such Series), any Receiver or any other appointee of the Note Trustee, the Paying Agents, the Agent Bank, the Account Bank, (if Retained Notes have been issued in respect of such Series) the Retained Note Custodian and the Noteholders in relation to such Series.

**Series Security** has the meaning given to it in Condition 4.1(f) (*Series Security*).

**Series Security Percentage** means, in respect of each Series of Secured Notes:

- (a) where the Charged Properties securing the obligations of the Issuer in respect of such Series of Secured Notes are apportioned on the Numerical Apportionment Basis, the number of Units allocated to Series Secured Parties in relation to such Series of Secured Notes under the Numerical Apportionment Basis from time to time divided by



the total number of Units comprising the NAB Security from time to time, multiplied by 100 (and expressed as a percentage); and

- (b) where the Charged Properties securing the obligations of the Issuer under such Series of Secured Notes are apportioned on the Specific Apportionment Basis, 100 per cent.

**Series Substitute Properties** has the meaning given to it in Condition 6.2 (*Substitution of Charged Properties*).

**Shared Ownership Lease** means a shared ownership lease as defined in section 106 of the Housing Associations Act, where the terms of any such lease:

- (a) are imposed by statute;
- (b) comply with the requirements of Homes England and/or the Social Housing Regulator, the Greater London Authority, the Regulatory Framework and/or any other guidance issued by the Social Housing Regulator (in each case, where applicable); or
- (c) have been approved by the Representative and (in respect of the NAB Security) all other representatives of the NAB Beneficiaries,

(in each case, acting reasonably) including, in particular, any mortgagee protection provisions proposed to be inserted in any such lease.

**Shared Ownership Property** means any property occupied or to be occupied pursuant to a Shared Ownership Lease where the Issuer or a Charging Group Member holds, or will hold upon disposal on shared ownership terms by the grant of the Shared Ownership Lease, less than 100 per cent. of the beneficial interest in that property and the purchaser of the balance of that beneficial interest may have the right to acquire a further portion of the Issuer's or the relevant Charging Group Member's retained beneficial interest.

**Shared Ownership Sale** means a disposal (after the grant of the original Shared Ownership Lease) of part or all of the Issuer or any Charging Group Member's beneficial interest in any Shared Ownership Property pursuant to the shared ownership terms applying to that Shared Ownership Property.

**Social HomeBuy** has the meaning given to that term in the Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2006.

**Specific Apportionment Basis** has the meaning given to it in the Security Trust Deed.

**Specific Beneficiary** has the meaning given to it in the Security Trust Deed.

**Specific Designated Security** has the meaning given to it in the Security Trust Deed.

**Specific Trustee Costs** has the meaning given to it in the Security Trust Deed.

**Statutory Disposal** means a Shared Ownership Sale, the exercise of a Right to Buy or a Social HomeBuy disposal.

**Statutory Disposal Certificate** means a certificate, signed by two Authorised Signatories of the Issuer, substantially in the form set out in Schedule 9 (*Form of Statutory Disposal Certificate*) to the Note Trust Deed.

**Subsidiary** has the meaning given to it in section 271 of the Housing and Regeneration Act and, in relation to the Issuer, means an entity of which a person has direct or indirect control or owns directly or indirectly more than 50 per cent. of the voting capital or similar rights of ownership and **control** for this purpose means the powers to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise.

**Substitute Property Certificate** means a certificate, signed by two Authorised Signatories of the Issuer, substantially in the form set out in Schedule 7 (*Form of Substitute Property Certificate*) to the Note Trust Deed.

**Trustee Costs** has the meaning given to it in the Security Trust Deed.

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

**Unencumbered Assets Test** means the financial covenant set out in Condition 5.2(b) (*Unencumbered Assets Covenant*).

**Unit** means, at any time, a Charged Property or part thereof in relation to which there is or, when let, there would be, a separate rental contract entered into with an Obligor and **Units** means all such Charged Properties or parts thereof.

**Unsecured Note Event of Default** has the meaning given to it in Condition 12.2(a) (*Unsecured Note Events of Default*).

**Valuation** means a Rolling Valuation, a Desk Top Valuation or a Full Valuation, as the case may be.

**Value** means, at any time and in relation to the Charged Properties, the value of those properties as shown in the then latest 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 Issuer's or the relevant Charging Group Member's interest in 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).

**Valuer** means Jones Lang LaSalle Limited or such other reputable firm of surveyors which is regulated by the RICS as may be appointed by the Issuer or the Security Trustee from time to time.

## **2 Form, denomination and title**

- (a) The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in Sterling and the denominations (the **Specified Denomination(s)**) specified in the applicable Pricing Supplement, provided that the minimum denomination shall be the Sterling equivalent of €100,000. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.
- (b) This Note may be a Fixed Rate Note or a Floating Rate Note, or a combination of both, depending upon the Interest Basis shown in the applicable Pricing Supplement.

- (c) Definitive Notes are issued with Coupons and (if Instalment Redemption is specified as applicable in the applicable Pricing Supplement) Receipts attached.
- (d) This Note may be a Secured Note or an Unsecured Note, as specified in the applicable Pricing Supplement.
- (e) Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The Issuer, the Note Trustee and any Paying Agent will (except as otherwise required by law) deem and treat the bearer of any Note, 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 but, in the case of any Global Note, without prejudice to the provisions set out in Condition 2(f).
- (f) For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Note Trustee and the Paying Agents as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such principal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, the Note Trustee and any Paying Agent as the holder of such principal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.
- (g) In determining whether a particular person is entitled to a particular principal amount of Notes as aforesaid, the Note 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.
- (h) Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Pricing Supplement.

### 3 Status of the Notes

- (a) The Secured Notes and any relative Receipts and Coupons are direct, unconditional and unsubordinated obligations of the Issuer, secured in the manner set out in Condition 4 (*Security*), and rank *pari passu* without any preference or priority among themselves.
- (b) The Unsecured Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference or priority among themselves and (save for certain obligations required

to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

## **4 Security**

This Condition 4 only applies to Secured Notes.

### **4.1 Series Security**

- (a) The Issuer's obligations in respect of each Series of Secured Notes are secured (subject as provided in the Conditions, the Note Trust Deed and the Security Documents), pursuant to each Legal Mortgage, in favour of the Security Trustee for the benefit of itself and the Noteholders and the other Series Secured Parties as follows:
- (i) by way of a first legal mortgage over the Charged Properties 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 the Issuer or any Charging Group Member and any monies paid or payable in respect of such covenants;
  - (ii) by way of first fixed charge over:
    - (A) all plant and machinery (except for the Fixtures within Condition 4.1(a)(i)) now or in the future owned by the Issuer or any Charging Group Member and its interest in any plant and machinery in its possession which form part of or are operated on the Charged Properties;
    - (B) all benefits in respect of the Insurances and all claims and returns of premiums in respect thereof;
    - (C) 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 Conditions 4.1(a)(i) and 4.1(a)(ii)(A) and the right to recover and receive all compensation which may at any time become payable to it in respect thereof; and
    - (D) if and in so far as the legal mortgage set forth in Condition 4.1(a)(i) or the assignments referred to below shall for any reason be ineffective as legal mortgages or assignments, the assets referred to therein.
- (b) The Issuer and each Charging Group Member with full title guarantee as security for payment of the Issuer's obligations in respect of each Series of Secured Notes will also covenant 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 is not remedied within any applicable grace period) assign to the Security Trustee for the benefit of itself and the Series Secured Parties (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:

- (i) 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 the Issuer or such Charging Group Member 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 the Issuer or such Charging Group Member or which may become due and owing to the Issuer or such Charging Group Member 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 the relevant Legal Mortgage);
- (ii) 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 the Issuer or such Charging Group Member or which may become due and owing to the Issuer or such Charging Group Member at any time in the future in connection therewith);
- (iii) all agreements, contracts, deeds, licences, undertakings, guarantees, covenants, warranties, representations and other documents (including all documents entered into as at the date of the relevant Legal Mortgage or in the future so as to enable the Issuer or such Charging Group Member to perfect its rights under the relevant Legal Mortgage or any such agreement, contract, deed, licence, undertaking, guarantee, covenant, warranty, representation or other documents) now or thereafter entered into by or given to the Issuer or such Charging Group Member in respect of the Charged Properties and all claims, remedies, awards or judgments paid or payable to the Issuer or such Charging Group Member (including, without limitation, all liquidated and ascertained damages payable to the Issuer or such Charging Group Member under the above) in each case relating to the Charged Properties;
- (iv) all licences held now or in the future in connection with the relevant Charged Properties and also the right to recover and receive all compensation which may at any time become payable to the Issuer or such Charging Group Member in relation to the relevant Charged Properties;
- (v) all rights and claims to which the Issuer or such Charging Group Member is now or may hereafter become entitled in relation to any development, construction project, redevelopment, refurbishment, repair or improvement of or on the relevant Charged Properties;
- (vi) all guarantees, warranties, bonds and representations given or made as at the date of the relevant Legal Mortgage or thereafter 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 Charged Properties; and

- (vii) all rental income and disposal proceeds in each case relating to the relevant Charged Properties which has not been assigned pursuant to Conditions 4.1(b)(i), (ii) or (iii) and the right to make demand for and receive the same.
- (c) The security created pursuant to the Security Documents referred to in Conditions 4.1(a) and (b) above, and/or any deed or document supplemental thereto, which has been allocated for the benefit of the Series Secured Parties, is referred to herein as the **Series Property Security**.
- (d) The security created pursuant to the Legal Mortgages will be apportioned to the Series Secured Parties on:
  - (i) a Numerical Apportionment Basis; or
  - (ii) a Specific Apportionment Basis,

in each case, as specified in the applicable Pricing Supplement and in accordance with and subject to the terms of the Security Trust Deed.

Where Numerical Apportionment Basis is specified as applicable in the applicable Pricing Supplement, a specific number of units in respect of the Charged Properties will be apportioned to the Series Secured Parties in respect of such Series as agreed between the Issuer, the Charging Group Members (if any) and the Representative. The Initial Charged Properties in respect of each Series shall be specified in the applicable Pricing Supplement. The basis of apportionment may only be changed to Specific Apportionment Basis in the limited circumstances, and in accordance with the procedures, specified in the Security Trust Deed. In particular, the basis of the Series Secured Parties' apportionment may only be changed upon the request of the Note Trustee upon the security under the Security Documents in respect of the Charged Properties becoming enforceable and having been enforced.

Where Specific Apportionment Basis is specified as applicable in the applicable Pricing Supplement, specific individual Charged Properties shall be allocated to the Issuer as agreed between the Issuer, the Charging Group Members (if any) and the Representative. The initial list of Charged Properties in respect of each Series shall be specified in the applicable Pricing Supplement.

- (e) The Issuer's obligations in respect of each Series of Secured Notes are also secured (subject as provided in the Conditions and the Note Trust Deed) pursuant to the Note Trust Deed in favour of the Note Trustee for the benefit of itself and the Series Secured Parties as follows:
  - (i) by a first fixed charge over all moneys from time to time standing to the credit of the Series Charged Account in relation to such Series and all debts represented thereby;
  - (ii) by an assignment by way of security of the Issuer's rights, title and interest arising under the Agency Agreement and the Account Agreement, in each case to the extent they relate to such Series; and
  - (iii) by a first fixed charge over all rights of the Issuer in respect of sums held from time to time by the Paying Agents for the payment of principal or interest in respect of such Series,

provided always that, unless and until a Secured Note Event of Default has occurred and is continuing (but subject to the terms of the Programme Documents), the Issuer shall be entitled to exercise all its rights and claims under or in connection with the agreements referred to in paragraph (ii) above.

- (f) The property charged and assigned pursuant to both the Security Documents and the Note Trust Deed referred to above, together with any other property or assets held by and/or assigned to the Security Trustee (and allocated for the benefit of the Series Secured Parties) or the Note Trustee for the benefit of the Series Secured Parties, and/or any deed or document supplemental thereto, is referred to herein as the **Series Charged Property** and the security created thereby (including, for the avoidance of doubt, the Series Property Security) is referred to herein as the **Series Security**.
- (g) No Series of Secured Notes will have access to the Series Security securing another Series of Secured Notes except to the extent set out in Condition 4.2(d) (*Post-enforcement*).

#### 4.2 **Post-enforcement**

Following the enforcement of the Series Property Security, the net proceeds of enforcement of the Series Property Security shall be applied in the following order of priority:

- (a) first, in or towards payment of all NAB Trustee Costs or Specific Trustee Costs, as applicable;
- (b) secondly:
  - (i) where the Numerical Apportionment Basis applies in relation to the relevant Series, by allocating the balance among the NAB Beneficiaries by reference to their NAB Security Percentages (as defined in the Security Trust Deed), with the amount thereby allocated to the Note Trustee, in its capacity as Representative in respect of the relevant Series, to be applied as set out below; or
  - (ii) where the Specific Apportionment Basis applies in relation to the relevant Series, in or towards payment to the Note Trustee, in its capacity as Representative in respect of the relevant Series, to be applied as set out below;
- (c) thirdly, by allocating the balance among the other remaining Beneficiaries whose Relevant Liabilities (as defined in the Security Trust Deed) have not been fully discharged pro rata to their unpaid liabilities in accordance with the terms of the Security Trust Deed;
- (d) fourthly, to the extent not already covered, in payment of all outstanding Security Trustee expenses; and
- (e) fifthly, in payment of any surplus to the relevant Obligor.

Following the enforcement of the Series Security in respect of a Series, all monies standing to the credit of the relevant Series Charged Account and the net proceeds of enforcement of the Series Security (in respect of the Series Charged Property, following application as set out above) shall be applied in the following order of priority:

- (a) first, in payment or satisfaction of the fees, costs, charges, expenses and liabilities incurred by the Note Trustee, any Appointee or any receiver in preparing and executing the trusts under the Note Trust Deed (including the costs of realising the Security and the Note Trustee's, any such Appointee's and any such receiver's remuneration), in each case, insofar as they relate to the relevant Series or, to the extent not referable to a specific Series, the Expense Apportioned Part thereof;
- (b) secondly, on a *pro rata* and *pari passu* basis, in payment of all amounts owing to the Paying Agents and the Agent Bank under the Agency Agreement and the Account Bank under the Account Agreement insofar as they relate to the relevant Series or, to the extent not referable to a specific Series, the Expense Apportioned Part thereof;
- (c) thirdly, in payment, on a *pro rata* and *pari passu* basis, to the Noteholders of such Series of any interest due and payable in respect of the Notes;
- (d) fourthly, in payment, on a *pro rata* and *pari passu* basis, to the Noteholders of such Series of any principal and premium due and payable in respect of the Notes; and
- (e) fifthly, in payment of the surplus (if any) to the Issuer.

## **5 Covenants**

### **5.1 Covenants in respect of Secured Notes**

This Condition 5.1 applies to Secured Notes only.

#### **(a) General Covenant**

For so long as any of the Notes remains outstanding (as defined in the Note Trust Deed), the Issuer covenants to comply with, and to procure that each Charging Group Member complies with, its various undertakings set out in the Note Trust Deed and the Security Documents including, but not limited to, undertakings as to the maintenance of the Charged Properties.

#### **(b) Negative Pledge and Disposals**

The Issuer covenants not to create or permit to subsist, and to procure that each Charging Group Member will not create or permit to subsist, in each case for so long as any of the Notes remains outstanding, save as expressly permitted by the Note Trust Deed and/or the Security Documents, over any of the Series Charged Property, any mortgage or charge or any other security interest ranking in priority to, or *pari passu* with, the Series Security, excluding, for this purpose any security interest created by or pursuant to the Note Trust Deed or by operation of law.

The Issuer also covenants, and each Charging Group Member will covenant in the Note Trust Deed, that it shall not, save as expressly permitted by the Note Trust Deed and/or the Security Documents, sell, transfer, grant or lease or otherwise dispose of all or any part of, or any interest in, the Series Charged Property without the prior written consent of the Note Trustee or the Security Trustee, as applicable, or as permitted under the Conditions, the Note Trust Deed and/or the Security Documents.



(c) **Asset Cover Covenant**

- (i) The Issuer covenants, for so long as any of the Notes remains outstanding, that it shall at all times ensure that the sum of:
  - (A) the Minimum Value of the Charged Properties in respect of the relevant Series of Secured Notes multiplied by the Series Security Percentage; and
  - (B) the Charged Cash in respect of such Series of Secured Notes,will not be less than the aggregate principal amount of the Notes of such Series that remain outstanding (excluding, for this purpose, any Retained Notes held by or on behalf of the Issuer in respect of such Series).
- (ii) A Compliance Certificate confirming compliance with the Asset Cover Test, and setting out the relevant calculations, may, in the absence of manifest error, be relied on by the Note Trustee and, if so relied on, shall be conclusive and binding on the Issuer, the Noteholders, the Receiptholders and the Couponholders.

(d) **Valuations**

- (i) The Issuer covenants, for so long as any of the Notes remains outstanding, that it shall deliver a Rolling Valuation to the Note Trustee and the Security Trustee in the period between 31 March and the date falling 60 days after 31 March in each year whereby the Valuer values:
  - (A) not less than 20 per cent. of the Charged Properties on a Full Valuation Basis; and
  - (B) the remaining Charged Properties on a Desk Top Valuation Basis.For the purposes of this Condition 5.1(d)(i):
  - 1) the Charged Properties to be valued on a Full Valuation Basis in any year must not include any Charged Properties which have been valued on a Full Valuation Basis in the preceding two years; and
  - 2) in any five year period, 100 per cent. of the Charged Properties must be valued on a Full Valuation Basis taking into account any additions and withdrawals of Charged Properties in accordance with the Conditions.
- (ii) Notwithstanding Condition 5.1(d)(i), the Issuer may elect, by notice to the Note Trustee and (for so long as security is allocated to the relevant Series Secured Parties on a Numerical Apportionment Basis) to the other NAB Beneficiaries, to provide Valuations as follows:
  - (A) it shall deliver a Full Valuation to the Note Trustee and the Security Trustee at least once in every period of five calendar years. The first Full Valuation must be delivered in the period between the next 31 March following the relevant election made in accordance with this

Condition 5.1(d)(ii) and the date following 60 days thereafter, and subsequent Full Valuations must be delivered in the period between 31 March and the date falling 60 days after 31 March in each fifth year after the previous Full Valuation delivered in accordance with this Clause (or within the same period in any prior calendar year); and

- (B) it shall deliver to the Note Trustee and the Security Trustee a Desk Top Valuation in the period between 31 March and the date falling 60 days thereafter in each year (beginning in the year following the year in which a Full Valuation is first provided in accordance with Condition 5.1(d)(ii)(A)) other than a year in respect of which a Full Valuation is required to be delivered pursuant to Condition 5.1(d)(ii)(A).

For the avoidance of doubt, where such an election has been made and Valuations are provided in accordance with this Condition 5.1(d)(ii), the Issuer shall not be required to deliver a Rolling Valuation in accordance with Condition 5.1(d)(i).

- (iii) Each Valuation shall set out in reasonable detail the Value of the Charged Properties as at a date no more than 3 months prior to the date of delivery of the Valuation.
- (iv) The Issuer shall provide, and shall procure that each Charging Group Member provides, to the relevant Valuers (and, in the case of the Charging Group Members, the Issuer) all reasonable assistance to enable them to carry out a Valuation of the Charged Properties and permit them such access to the Charged Properties and the records and accounts of the Issuer and such Charging Group Member, as applicable, as they reasonably require.

(e) **Information Covenant**

For so long as any of the Notes remains outstanding, the Issuer shall:

- (i) send to the Note Trustee not later than 180 days after the end of each Financial Year:
  - (A) a copy of its own and its consolidated audited financial statements for such Financial Year;
  - (B) a copy of the audited financial statements of each Charging Group Member for such Financial Year (both its own and, where applicable, on a consolidated basis); and
  - (C) a Compliance Certificate,

and, upon request by any Noteholder to the Issuer:

- 1) make copies of such documents available to the Noteholders at the Issuer's registered office during normal business hours; or
- 2) provide copies of such documents by email to a Noteholder requesting a copy, subject to such Noteholder producing evidence satisfactory to the Issuer as to its holding of Notes and identity;

- (ii) at the request of Noteholders holding not less than 33 per cent. per cent. in principal amount of the Notes for the time being outstanding, convene a meeting of the Noteholders (including by way of conference call) to discuss the financial position of the Issuer and each Charging Group Member, provided, however, that the Issuer shall not be required to convene any such meeting pursuant to this Condition 5.1(e)(ii) more than once in any calendar year. Upon the request of Noteholders to convene any such meeting, as aforesaid, the Issuer shall notify all Noteholders 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 16 (*Notices*). The Issuer shall act in good faith in addressing any questions regarding the financial position of it and of each Charging Group Member 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 5.1(e) are in addition to the meetings provisions set out in Condition 18.1 (*Meetings of Noteholders*); and
- (iii) (if Retained Notes have been issued in respect of such Series) not later than three Business Days prior to the sale of any or all of the Retained Notes of such Series, supply to the Note Trustee a certificate signed by two Authorised Signatories of the Issuer confirming that, immediately following such sale, the Issuer will be in compliance with the Asset Cover Test in respect of such Series.

## 5.2 Covenants in respect of Unsecured Notes

This Condition 5.2 applies to Unsecured Notes only.

### (a) General Covenant

For so long as any of the Notes remains outstanding, the Issuer covenants to comply with its various undertakings set out in the Note Trust Deed.

### (b) Unencumbered Assets Covenant

- (i) The Issuer covenants, for so long as any of the Notes remains outstanding, that it shall ensure that the Unencumbered Assets of the Issuer shall not be less than 125 per cent. of the Unsecured Financial Indebtedness of the Issuer in each financial year.
- (ii) For the purposes of this Condition 5.2(b):

**Unencumbered Assets of the Issuer** means, in respect of each financial year, the consolidated value of:

- (A) the housing properties;
- (B) the value of investment properties;
- (C) the amount of cash and cash equivalents;

less,

- (D) the principal amount of secured loans and secured debt securities due within one year;
- (E) the principal amount of secured loans and secured debt securities due after more than one year; and
- (F) the amount of unamortised grant liability,

in each case of the Issuer, so that no amount shall be added (or deducted) more than once and, in each case, as reflected in the statement of financial position (and related notes) from the published consolidated audited financial statements of the Issuer for such financial year; and

**Unsecured Financial Indebtedness of the Issuer** means, in respect of each financial year, the consolidated value of the principal amount of unsecured loans and unsecured debt securities of the Issuer as reflected in the statement of financial position (and related notes) from the published consolidated audited financial statements of the Issuer for such financial year, provided that no amount shall be added (or deducted) more than once.

- (iii) A Compliance Certificate confirming compliance with the Unencumbered Assets Test, and setting out the relevant calculations, may, in the absence of manifest error, be relied on by the Note Trustee and, if so relied on, shall be conclusive and binding on the Issuer, the Noteholders, the Receipholders and the Couponholders.

(c) **Information Covenant**

For so long as any of the Notes remains outstanding, the Issuer shall:

- (i) send to the Note Trustee not later than 180 days after the end of each Financial Year:
  - (A) a copy of its own and its consolidated audited financial statements for such Financial Year; and
  - (B) a Compliance Certificate,
 and, upon request by any Noteholder to the Issuer:
  - 1) make copies of such documents available to the Noteholders at the Issuer's registered office during normal business hours; or
  - 2) provide copies of such documents by email to a Noteholder requesting a copy, subject to such Noteholder producing evidence satisfactory to the Issuer as to its holding of Notes and identity; and
- (ii) at the request of Noteholders holding not less than 33 per cent. in principal amount of the Notes for the time being outstanding, convene a meeting of the Noteholders (including by way of conference call) to discuss the financial position of the Issuer, provided, however, that the Issuer shall not be required to convene any such meeting pursuant to this Condition 5.2(c)(ii) more than once in any calendar year. Upon the request of Noteholders to convene any

such meeting, as aforesaid, the Issuer shall notify all Noteholders 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 16 (*Notices*). The Issuer shall act in good faith in addressing any questions regarding its financial position 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 5.2(c)(ii) are in addition to the meetings provisions set out in Condition 18.1 (*Meetings of Noteholders*).

## 6 **Charged properties and Charged Cash**

This Condition 6 applies to Secured Notes only.

### 6.1 **Addition of New Charged Properties**

The Issuer may, in respect of **each** Series of Secured Notes:

- (a) charge, and procure that any Charging Group Member charges, additional properties pursuant to the Security Documents; and/or
- (b) allocate, and procure that any Charging Group Member allocates,

such additional properties as Charged Properties (the **Additional Properties**) for the benefit of the NAB Beneficiaries (where the Numerical Apportionment Basis applies) or the Series Secured Parties (where the Specific Apportionment Basis applies) (and the Note Trustee, in its capacity as Representative, shall consent (without requiring the consent or sanction of the Noteholders or any other Series Secured Party) to such charging and/or allocation and countersign an amended Designated Properties Schedule to reflect the same) subject to:

- (i) the delivery by the Issuer or the relevant Charging Group Member to the Security Trustee of the condition precedent documents specified in Schedule 2 to the Security Trust Deed in a form satisfactory to the Security Trustee (acting reasonably) in respect of the charging of such Additional Properties; and
- (ii) the delivery by the Issuer to the Note Trustee of:
  - (A) a completed New Property Approval Certificate certifying that, *inter alia*, the Additional Properties are residential properties of a type and nature that are usually owned by Registered Providers of Social Housing; and
  - (B) a Full Valuation in relation to the Additional Properties prepared by the Valuer as at a valuation date no earlier than 3 months prior to the date on which the Additional Properties are to be/were charged.

### 6.2 **Substitution of Charged Properties**

- (a) This Condition 6.2 applies in the event that the Specific Apportionment Basis is specified as applicable in the applicable Pricing Supplement or Specific Apportionment is otherwise applicable at the relevant time.
- (b) The Issuer or any Charging Group Member may substitute any one or more of the Charged Properties (the **Substitute Properties**) with other properties (the **New**

**Substitute Properties)** (and the Note Trustee, in its capacity as Representative, shall consent (without requiring the consent or sanction of the Noteholders or any other Series Secured Party) to such substitution and countersign an amended Designated Properties Schedule to reflect the same) subject to:

- (i) the delivery by the Issuer or the relevant Charging Group Member to the Security Trustee of the condition precedent documents specified in Schedule 2 to the Security Trust Deed in a form satisfactory to the Security Trustee in respect of the charging of such New Substitute Properties; and
- (ii) the delivery by the Issuer to the Note Trustee of:
  - (A) a completed Substitute Property Certificate certifying, *inter alia*, that (x) the New Substitute Properties are residential properties of a type and nature that are usually owned by Registered Providers of Social Housing, (y) the Issuer is (as at the date of the Substitute Property Certificate) in compliance with the Asset Cover Test and that, immediately following the substitution, the Issuer will be in compliance with the Asset Cover Test and (z) no Secured Note Event of Default or Secured Note Potential Event of Default has occurred and is continuing; and
  - (B) a Full Valuation in relation to the New Substitute Properties prepared by the Valuer as at a valuation date no earlier than 3 months prior to the date on which the New Substitute Properties are to be/were charged.

### 6.3 Release and/or Reallocation of Charged Properties

- (a) The Issuer or any Charging Group Member may withdraw or reallocate any one or more of the Charged Properties from the Series Property Security (and the Note Trustee, in its capacity as Representative, shall consent (without requiring the consent or sanction of the Noteholders or any other Series Secured Party) to such withdrawal or reallocation and countersign an amended Designated Properties Schedule to reflect the same), provided that the Issuer delivers to the Note Trustee a completed Property Release/Reallocation Certificate, certifying that:
  - (i) the Issuer is (as at the date of the Property Release/Reallocation Certificate) in compliance with the Asset Cover Test and that, immediately following such release, the Issuer will be in compliance with the Asset Cover Test; and
  - (ii) no Secured Note Event of Default or Secured Note Potential Event of Default has occurred and is continuing.
- (b) The above requirement for a Property Release/Reallocation Certificate shall not apply to the extent that the Numerical Apportionment Basis is applicable at the relevant time and the reallocation and/or release would not require an adjustment to the Series Secured Parties' Designated Security.

### 6.4 Statutory Disposals

- (a) The Issuer or any Charging Group Member shall have the right to withdraw a Charged Property from the Series Property Security pursuant to any Statutory Disposal without

the need for the consent of the Security Trustee or the Note Trustee (in its capacity as Representative), provided however, that the Issuer and, in circumstances where a Charging Group Member is withdrawing one or more Series Charged Properties from the Series Property Security pursuant to a Statutory Disposal, the relevant Charging Group Member shall deliver to the Note Trustee, as soon as reasonably practicable after the Issuer or the relevant Charging Group Member has received notice of such Statutory Disposal, a completed Statutory Disposal Certificate, certifying that the relevant withdrawal relates to a Statutory Disposal.

- (b) The above requirement for a Statutory Disposal Certificate shall not be required to the extent that the Numerical Apportionment Basis is applicable at the relevant time and the Statutory Disposal would not require an adjustment to the Series Secured Parties' Designated Security.
- (c) Without prejudice to the aforementioned right to withdraw a Charged Property from the Series Property Security pursuant to any Statutory Disposal, the Issuer covenants that, if following such withdrawal the Issuer will no longer be in compliance with the Asset Cover Test, as soon as practicable thereafter (and, in any event, prior to the expiry of the applicable grace period in Condition 12.1(a)(iii) (*Secured Note Events of Default*), it shall (or shall procure that a Charging Group Member shall) charge and/or allocate additional properties as Series Charged Properties pursuant to Condition 6.1 (*Addition of New Charged Properties*) and/or it shall deposit money into the Series Charged Account relating to the relevant Series pursuant to Condition 6.6 (*Charged Cash*) in an aggregate amount sufficient to ensure that the Issuer will be in compliance with the Asset Cover Test.

## 6.5 Apportionment

Without prejudice to the other provisions of this Condition 6, the Note Trustee shall agree (and shall be deemed to have confirmed to the Security Trustee under the Security Trust Deed its agreement) to any adjustment of the Series Secured Parties' Designated Security provided that the Issuer would continue to be in compliance with the Asset Cover Test immediately after such adjustment.

## 6.6 Charged Cash

The Issuer may, at any time, deposit money into the Series Charged Account in respect of a Series of Secured Notes to ensure compliance with the Asset Cover Test relating to that Series. The Issuer may only withdraw Charged Cash from such Series Charged Account if:

- (a) it is, at the relevant time, in compliance with the Asset Cover Test and no Secured Note Event of Default or Secured Note Potential Event of Default has occurred and is continuing; and
- (b) either:
  - (i) such Charged Cash is to be applied by the Issuer in the acquisition of a Property which is to be charged pursuant to the Security Documents and allocated for the benefit of the Series Secured Parties and, immediately following the acquisition, charging and allocation of such property, the Issuer will be in compliance with the Asset Cover Test; or

- (ii) such Charged Cash is to be used for any other purpose permitted by its Rules and, immediately following the withdrawal, the Issuer will be in compliance with the Asset Cover Test.

For these purposes, the Note Trustee may call for and shall be at liberty to accept a certificate signed by any two Authorised Signatories of the Issuer (including, for the avoidance of doubt, a Compliance Certificate), as sufficient evidence that (a) the Issuer is, at the relevant time, in compliance with the Asset Cover Test and that no Secured Note Event of Default or Secured Note Potential Event of Default has occurred and is continuing and/or (b) the requirements of (i) or (ii) above, as the case may be, are met.

## **7 Interest**

The applicable Pricing Supplement will indicate whether the Notes are Fixed Rate Notes and/or Floating Rate Notes.

### **7.1 Interest on Fixed Rate Notes**

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

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

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

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

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

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

and, in each case, multiplying such sum by the applicable Day Count Fraction.



The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount, to the Calculation Amount in the case of Fixed Rate Notes in definitive form) shall be rounded to the nearest penny, half a penny being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In these Conditions:

**Day Count Fraction** means, in respect of the calculation of an amount of interest, in accordance with this Condition 7.1:

- (a) if "Actual/Actual (ICMA)" is specified in the applicable Pricing Supplement:
  - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (i) the number of days in such Determination Period and (ii) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
  - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (b) if "30/360" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

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

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

## 7.2 Interest on Floating Rate Notes

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

### (a) Interest Payment Dates

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

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

Such interest will be payable in respect of each Interest Period. In these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

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

- (A) in any case where Specified Periods are specified in accordance with Condition 7.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date:
  - 1) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (2) below shall apply mutatis mutandis; or

- 2) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event:
  - a) such Interest Payment Date shall be brought forward to the immediately preceding Business Day; and
  - b) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means:

- (i) 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 London and each Additional Business Centre (other than TARGET2 System) specified in the applicable Pricing Supplement; and
- (ii) if TARGET2 System is specified as an Additional Business Centre in the applicable Pricing Supplement, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(b) **Rate of Interest**

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

(i) **ISDA Determination for Floating Rate Notes**

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

updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

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

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

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

(ii) **Screen Rate Determination for Floating Rate Notes**

- (A) Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, and the Calculation Method is specified in the applicable Pricing Supplement as being Compounded Daily SONIA Formula, the Rate of Interest for an Interest Period will, subject to Condition 7.2(c) (*Benchmark Replacement*) and as provided below, be the Compounded Daily SONIA Formula Rate with respect to such Interest Period plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any).

**Compounded Daily SONIA Formula Rate** means, with respect to an Interest Period, the rate of return of a daily compound interest investment in Sterling (with the Sterling Overnight Index Average as the reference rate for the calculation of interest) as calculated by the Agent Bank (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fourth decimal place, with 0.00005 being rounded upwards):

$$\left[ \prod_{i=1}^{do} \left( 1 + \frac{SONIA_i \times ni}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

**d** is the number of calendar days in:

- (a) where "Lag" is specified as the Observation Method in the applicable Pricing Supplement, the relevant Interest Period; or

- (b) where "Observation Shift" is specified as the Observation Method in the applicable Pricing Supplement, the relevant Observation Period;

**$d_o$**  is the number of London Banking Days in:

- (a) where "Lag" is specified as the Observation Method in the applicable Pricing Supplement, the relevant Interest Period; or
- (b) where "Observation Shift" is specified as the Observation Method in the applicable Pricing Supplement, the relevant Observation Period;

**$i$**  is a series of whole numbers from one to  $d_o$ , each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in:

- (a) where "Lag" is specified as the Observation Method in the applicable Pricing Supplement, the relevant Interest Period; or
- (b) where "Observation Shift" is specified as the Observation Method in the applicable Pricing Supplement, the relevant Observation Period;

**London Banking Day** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

**$n_i$**  means, for any London Banking Day " $i$ ", the number of calendar days from (and including) such London Banking Day " $i$ " up to (but excluding) the following London Banking Day;

**Observation Period** means, in respect of an Interest Period, the period from (and including) the date falling " $p$ " London Banking Days prior to the first day of the relevant Interest Period to (but excluding) the date falling " $p$ " London Banking Days prior to:

- (a) the Interest Payment Date for such Interest Period or
- (b) if applicable, the relevant payment date if the Notes become due and payable on a date other than an Interest Payment Date;

**$p$**  means:

- (a) where "Lag" is specified as the Observation Method in the applicable Pricing Supplement, the number of London Banking Days included in the "Lag Lookback Period ( $p$ )" in the applicable Pricing Supplement (or, if no such number is so specified, five London Banking Days); or
- (b) where "Observation Shift" is specified as the Observation Method in the applicable Pricing Supplement, the number of

London Banking Days included in the "Observation Shift Period" in the applicable Pricing Supplement (or, if no such number is so specified, five London Banking Days);

**SONIA reference rate** means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average (SONIA) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) on the London Banking Day immediately following such London Banking Day; and

**SONIA<sub>i</sub>** means, in respect of any London Banking Day "i":

- (a) where "Lag" is specified as the Observation Method in the applicable Pricing Supplement, the SONIA reference rate in respect of the London Banking Day falling "p" London Banking Days prior to the relevant London Banking Day "i"; or
- (b) where "Observation Shift" is specified as the Observation Method in the applicable Pricing Supplement, the SONIA reference rate in respect of the relevant London Banking Day "i".

- (B) Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, and the Calculation Method is specified in the applicable Pricing Supplement as being SONIA Index Determination, the Rate of Interest for an Interest Period will, subject to Condition 7.2(c) (*Benchmark Replacement*) and as provided below, be the SONIA Compounded Index Rate with respect to such Interest Period plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any).

**SONIA Compounded Index Rate** means, with respect to an Interest Period, the rate of return of a daily compound interest investment as calculated by the Agent Bank (or such other party responsible for the calculation of the Rate of Interest, as specified in the Pricing Supplement) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fourth decimal place, with 0.00005 being rounded upwards):

$$\left( \frac{\text{SONIA Compounded Index (End)}}{\text{SONIA Compounded Index (Start)}} - 1 \right) \times \frac{365}{d}$$

where:

**d** is the number of calendar days from (and including) the day in relation to which "SONIA Compounded Index<sub>Start</sub>" is determined to (but excluding) the day in relation to which "SONIA Compounded Index<sub>End</sub>"

is determined (being the number of calendar days in the applicable reference period);

**London Banking Day** has the meaning set out in Condition 7.2(b)(ii)(A) above;

**Relevant Number** is as specified in the applicable Pricing Supplement;

**SONIA Compounded Index<sub>End</sub>** means the SONIA Compounded Index value relating to the London Banking Day falling the Relevant Number of London Banking Days prior to

- (a) the Interest Payment Date for the relevant Interest Period; or
- (b) if applicable, the relevant payment date if the Notes become due and payable on a date other than an Interest Payment Date;

**SONIA Compounded Index<sub>Start</sub>** means the SONIA Compounded Index value relating to the London Banking Day falling the Relevant Number of London Banking Days prior to the first day of the relevant Interest Period; and

**SONIA Compounded Index** means, with respect to any London Banking Day, the value of the SONIA Compounded Index that is provided by the administrator of the SONIA reference rate to authorised distributors and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) in respect of such London Banking Day

If the relevant SONIA Compounded Index is not published or displayed by the administrator of the SONIA reference rate or other information service at the Relevant Time specified in the applicable Pricing Supplement on the relevant Interest Determination Date, the SONIA Compounded Index Rate for the applicable Interest Period for which the SONIA Compounded Index is not available shall be the Compounded Daily SONIA Formula Rate determined in accordance with Condition 7.2(b)(ii)(A) above as if the Calculation Method specified in the applicable Pricing Supplement were Compounded Daily SONIA Formula (and not SONIA Index Determination), and for these purposes:

- (a) the "Observation Method" shall be deemed to be "Observation Shift"; and
- (b) the "Observation Shift Period" shall be deemed to be equal to the Relevant Number of London Banking Days,

as if those alternative elections had been made in the applicable Pricing Supplement.

- (C) For the purposes of Condition 7.2(b)(ii)(A) above, and subject to Condition 7.2(c) below, if, in respect of any London Banking Day in the relevant Observation Period or the relevant Interest Period, as

applicable, the Agent Bank (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) determines that the applicable SONIA reference rate has not been made available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then the Agent Bank (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement, as applicable) shall determine the SONIA reference rate in respect of such London Banking Day as being:

- 1)
  - a) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at 5.00 p.m. (or, if earlier, close of business) on such London Banking Day; plus
  - b) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days in respect of which the SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and the lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or
- 2) if the Bank Rate under 1) a) above is not available at the relevant time, either:
  - a) the SONIA reference rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day in respect of which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors); or
  - b) if this is more recent, the latest rate determined under 1) a) above,

and in each case **SONIA reference rate** shall be interpreted accordingly.

- (D) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be:

- 1) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period, in place of the



Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period); or

- 2) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first scheduled Interest Period had the Notes been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (and applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period).

- (E) If the relevant Series of Notes becomes due and payable in accordance with Condition 12, the final Rate of Interest shall be calculated for the period from (and including) the previous Interest Payment Date to (but excluding) the date on which the Notes become so due and payable, and such Rate of Interest shall continue to apply to the Notes for so long as interest continues to accrue thereon as provided in Condition 7.3 and the Note Trust Deed.

(c) **Benchmark Replacement**

This Condition 7.2(c) applies only where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined.

(i) **Independent Adviser**

If the Issuer determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine, following consultation with the Issuer and no later than five Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the **IA Determination Cut-off Date**), a Successor Rate, failing which an Alternative Rate (in accordance with Condition 7.2(c)(ii) (*Successor Rate or Alternative Rate*)) and, in either case, an Adjustment Spread (in accordance with Condition 7.2(c)(iii) (*Adjustment Spread*)) and any Benchmark Amendments (in accordance with Condition 7.2(c)(iv) (*Benchmark Amendments*)).

An Independent Adviser appointed pursuant to this Condition 7.2(c) shall act in good faith and in a commercially reasonable manner following consultation with the Issuer. In the absence of wilful default, bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Noteholders, the Note Trustee, the Paying Agents or the Agent Bank for any determination it makes pursuant to this Condition 7.2(c). No Independent Adviser appointed in connection with the Notes (acting in such capacity), shall have any relationship of agency or trust with the Noteholders.

If:

- (A) the Issuer is unable to appoint an Independent Adviser; or
- (B) the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 7.2(c)(i) prior to the relevant IA Determination Cut-off Date,

the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the immediately preceding Interest Period, the Margin, Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin, Maximum Rate of Interest or Minimum Rate of Interest relating to that immediately preceding Interest Period. For the avoidance of doubt, this sub-paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 7.2(c).

(ii) **Successor Rate or Alternative Rate**

If the Independent Adviser, following consultation with the Issuer and acting in good faith and in a commercially reasonable manner, determines that:

- (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 7.2(c)(iii) (*Adjustment Spread*)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the further operation of this Condition 7.2(c)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 7.2(c)(iii) (*Adjustment Spread*)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this 7.2(c)).

(iii) **Adjustment Spread**

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

Following any such determination by the Independent Adviser, following consultation with the Issuer, of the Adjustment Spread, the Issuer shall give notice thereof in accordance with Condition 7.2(c)(v) (*Notices*). The Principal Paying Agent or the Agent Bank, as applicable, shall apply such Adjustment

Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or any component part(s) thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iv) **Benchmark Amendments**

If any Successor Rate or Alternative Rate and Adjustment Spread is determined in accordance with this Condition 7.2(c) and the Independent Adviser, following consultation with the Issuer and acting in good faith and in a commercially reasonable manner, determines:

(A) that amendments to the Conditions, the Note Trust Deed or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**); and

(B) the terms of the Benchmark Amendments,

then the Issuer shall, following consultation with the Independent Adviser and subject to the Issuer giving notice thereof in accordance with Condition 7.2(c)(v) (*Notices*), without any requirement for the consent or approval of the Noteholders, the Receiptholders, the Couponholders or any other Series Secured Party, vary the Conditions, the Note Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice, provided that neither the Principal Paying Agent nor the Agent Bank shall be bound by or be obliged to give effect to any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendment, if in the opinion of the Principal Paying Agent or the Agent Bank the same would not be operable or would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions and/or the Agency Agreement and/or any documents to which it is a party in any way.

At the request of the Issuer, but subject to receipt by the Note Trustee of a certificate signed by two Authorised Signatories of the Issuer pursuant to Condition 7.2(c)(v), the Note Trustee shall (at the expense and direction of the Issuer), without any requirement for the consent or approval of the Noteholders, the Receiptholders or the Couponholders (or, in the case of Secured Notes, any other Series Secured Party), be obliged to use its best endeavours to implement any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Note Trust Deed) and the Note Trustee shall not be liable to any party for any consequences thereof (irrespective of whether such Benchmark Amendment(s) relate(s) to a Basic Terms Modification (as defined in the Note Trust Deed)), provided that the Note Trustee shall not be obliged so to implement, if in the opinion of the Note Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions and/or the Note Trust Deed and/or any documents to which it is a party (including, for the avoidance of doubt, any supplemental note trust deed) in any way.

In connection with any such modifications in accordance with this Condition 7.2(c)(iv), the Issuer and the Independent Adviser shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) **Notices**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 7.2(c) will be notified promptly by the Issuer to the Note Trustee, the Paying Agents, the Agent Bank (if applicable) and, in accordance with Condition 16 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Note Trustee of the same, the Issuer shall deliver to the Note Trustee a certificate signed by two Authorised Signatories of the Issuer:

- (A) confirming (I) that a Benchmark Event has occurred, (II) the Successor Rate or, as the case may be, the Alternative Rate, (III) any Adjustment Spread and (IV) the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 7.2(c); and
- (B) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Note Trustee shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the ability of the Note Trustee to rely on such certificate as aforesaid) be binding on the Issuer, the Note Trustee, the Principal Paying Agent, the Agent Bank and the Noteholders.

(vi) **Survival of Original Reference Rate**

Without prejudice to the obligations of the Issuer or the Independent Adviser under Conditions 7.2(c)(i), (ii), (iii), (iv) and 7.2(c)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 7.2(b) and the Agency Agreement will continue to apply unless and until a Benchmark Event has occurred and the Note Trustee has been notified of the Successor Rate or the Alternative Rate (as the case may be), the Adjustment Spread and any Benchmark Amendments, in accordance with Condition 7.2(c)(v).

(vii) **Definitions**

As used in this Condition 7.2(c):

**Adjustment Spread** means either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser, following consultation with the Issuer and acting in good faith and in a commercially reasonable manner, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Adviser, following consultation with the Issuer and acting in good faith and in a commercially reasonable manner determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (C) (if the Independent Adviser, in consultation with the Issuer, determines that no such industry standard is recognised or acknowledged), the Independent Adviser, in its discretion, following consultation with the Issuer and acting in good faith and in a commercially reasonable manner, determines to be appropriate;

**Alternative Rate** means an alternative benchmark or screen rate which the Independent Adviser, following consultation with the Issuer and acting in good faith and in a commercially reasonable manner, determines in accordance with Condition 7.2(c)(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in Sterling;

**Benchmark Event** means the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or

- (A) the later of (i) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (ii) the date falling six months prior to the date specified in (i); or

- (B) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that (i) the Original Reference Rate has been permanently or indefinitely discontinued or (ii) the Original Reference Rate is no longer representative of an underlying market; or
- (C) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (ii) the date falling 6 months prior to the date specified in (i); or
- (D) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will, on or before a specified date, be prohibited from being used either generally, or in respect of the Notes and (ii) the date falling 6 months prior to the date specified in (i); or
- (E) it has or will prior to the next Interest Determination Date become unlawful for the Agent Bank or the Issuer to determine any Rate of Interest and/or calculate any payments due to be made to any Noteholders using the Original Reference Rate;

**Independent Adviser** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer at its own expense under Condition 7.2(c)(i) (*Independent Adviser*) and notified in writing to the Note Trustee;

**Original Reference Rate** means the benchmark or screen rate (as applicable) specified in the applicable Pricing Supplement for the purposes of determining the relevant Rate of Interest (or any component part(s) thereof) in respect of the Notes or (if applicable) any other successor or alternative rate (or any component part(s) thereof) determined and applicable to the Notes pursuant to the earlier operation of this Condition 7.2(c);

**Relevant Nominating Body** means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof; and

**Successor Rate** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(d) **Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 7.2(b) (*Rate of Interest*) is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of 7.2(b) (*Rate of Interest*) is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(e) **Determination of Rate of Interest and calculation of Interest Amounts**

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

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

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

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

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 7.2:

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

- (ii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

**Y1** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y2** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M1** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M2** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D1** is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

**D2** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

**Y1** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y2** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;



**M1** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M2** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D1** is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

**D2** is the calendar day, expressed as a number, immediately following the last day included

in the Interest Period, unless such number would be 31, in which case D2 will be 30;

- (vii) if "30E/360 (ISDA)" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

**Y1** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y2** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M1** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M2** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D1** is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

**D2** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(f) **Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Agent Bank by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable

Pricing Supplement), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent Bank shall determine such rate at such time and by reference to such sources as the Issuer shall determine appropriate for such purposes.

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

(g) **Notification of Rate of Interest and Interest Amounts**

The Agent Bank will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Note Trustee and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 16 (*Notices*) as soon as possible after their determination but in no event later than (other than where Screen Rate Determination is specified in the applicable Pricing Supplement) the fourth London Business Day thereafter or (where Screen Rate Determination is specified in the applicable Pricing Supplement) the second London Banking Day thereafter (as defined in Condition 7.2(b)(ii)(A)). Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 16 (*Notices*). For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(h) **Inability or failure of Agent Bank to make determinations or calculations**

The Agent Bank shall not be obliged to make any determination or calculation required by the Conditions if it is not legally permitted to do so. If for any reason at any relevant time the Agent Bank is unable, or fails, to determine the Rate of Interest or to calculate any Interest Amount in accordance with Condition 7.2(b)(i) (*ISDA Determination for Floating Rate Notes*) or Condition 7.2(b)(ii) (*Screen Rate Determination for Floating Rate Notes*), as the case may be, the Issuer shall be obliged to appoint an alternative agent approved by the Note Trustee to make such determination or calculation or a successor Agent Bank in accordance with Condition 7.2(j) (*Agent Bank*).

(i) **Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7 (*Interest*) by the Agent Bank shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents, the Agent Bank, the Note Trustee and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Note Trustee, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent Bank

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

(j) **Agent Bank**

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

**7.3 Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) as provided in the Note Trust Deed.

**8 Payments**

**8.1 Method of payment**

- (a) Subject as provided below, payments will be made by credit or transfer to an account in Sterling maintained by the payee with a bank in the London.
- (b) Payments will be 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 (**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.

**8.2 Presentation of definitive Notes, Receipts and Coupons**

- (a) Subject as follows in respect of Instalment Redemption, payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 8.1 (*Method of payment*) only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes.

- (b) Where Instalment Redemption is specified as applicable in the applicable Pricing Supplement, payment of instalments of principal on an Instalment Date (other than the Instalment Date falling on the Maturity Date) in respect of definitive Notes will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)). Each Receipt must be presented for payment together with the Note to which it appertains. Any Receipt presented without the Note to which it appertains does not constitute valid obligations of the Issuer.
- (c) Payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).
- (d) Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 11 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.
- (e) Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.
- (f) Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose principal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the principal amount of such Note.
- (g) If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

### 8.3 **Payments in respect of Global Notes**

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

### 8.4 **General provisions applicable to payments**

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

### 8.5 **Payment Day**

If the date for payment of any amount in respect of any Note, 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*)) is:

- (a) 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):
  - (i) in the case of Notes in definitive form only, in the relevant place of presentation; and
  - (ii) in each Additional Financial Centre (other than TARGET2 System) specified in the applicable Pricing Supplement;
- (b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Pricing Supplement, a day on which the TARGET2 System is open; and
- (c) 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 London.

### 8.6 **Interpretation of principal and interest**

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

- (a) any additional amounts which may be payable with respect to principal under Condition 10 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Note Trust Deed;
- (b) the Final Redemption Amount of the Notes (or, in the case of Notes redeemable in instalments, the Instalment Amounts); and
- (c) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 10 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Note Trust Deed.

## **9 Redemption and purchase**

### **9.1 Redemption at maturity or in instalments**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer:

- (a) where Final Redemption is specified in the applicable Pricing Supplement, at its Final Redemption Amount in Sterling on the Maturity Date, all as specified in the applicable Pricing Supplement; or
- (b) where Instalment Redemption is specified as applicable in the applicable Pricing Supplement, in part on each Instalment Date in the Instalment Amount in Sterling, all as specified in the applicable Pricing Supplement.

### **9.2 Redemption for tax reasons**

- (a) The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Note Trustee and the Principal Paying Agent and, in accordance with Condition 16 (*Notices*), the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Note Trustee immediately before the giving of such notice that:
  - (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 10 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 10 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
  - (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

- (b) Prior to the publication of any notice of redemption pursuant to this Condition 9.2, the Issuer shall deliver to the Note Trustee:
  - (i) a certificate signed by two Authorised Signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
  - (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

The Note Trustee shall be entitled to accept without further enquiry such certificate and legal opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

- (c) Notes redeemed pursuant to this Condition 9.2 will be redeemed at their principal amount outstanding with interest accrued to (but excluding) the date of redemption.

### 9.3 **Redemption at the option of the Issuer (Issuer Call)**

- (a) If Issuer Call is specified as being applicable in the applicable Pricing Supplement, the Issuer may, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note) (in each case, if Retained Notes are specified as being applicable in the applicable Pricing Supplement, after the relevant Final Retained Note Disposal Date), having given:
  - (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 16 (*Notices*); and
  - (ii) notice to the Note Trustee and the Principal Paying Agent not less than 15 days before the giving of the notice referred to in (i),

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all of the Notes of any Series or, subject as provided in Condition 9.7 (*Provisions relating to Partial Redemption*), some only (provided, however, that in respect of a redemption in part, such redemption shall be in respect of not less than £5,000,000 in aggregate principal amount of Notes of the relevant Series).

- (b) Redemption of Notes pursuant to this Condition 9.3 shall be made at the Optional Redemption Amount(s) specified in the applicable Pricing Supplement, together with any interest accrued up to (but excluding) the date of redemption.

### 9.4 **Maturity Par Call Option**

If Maturity Par Call Option is specified as being applicable in the applicable Pricing Supplement, the Issuer may at any time (if Retained Notes are specified as being applicable in the applicable Pricing Supplement, after the relevant Final Retained Note Disposal Date) from the Call Option

Date specified in the applicable Pricing Supplement (which shall be no earlier than 90 days before the Maturity Date) to the Maturity Date, having given:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 16 (*Notices*); and
- (b) notice to the Note Trustee and the Principal Paying Agent not less than 15 days before the giving of the notice referred to in (a),

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all the Notes or, subject as provided in Condition 9.7 (*Provisions relating to Partial Redemption*), some only at their principal amount outstanding, together with any interest accrued up to (but excluding) the date of redemption.

#### 9.5 Residual Call Option

- (a) If Residual Call Option is specified as being applicable in the applicable Pricing Supplement and, at any time, the aggregate outstanding principal amount of the Notes of any Series is 20 per cent. or less of the aggregate principal amount of the Notes of such Series issued, the Issuer may, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note) (in each case, if Retained Notes are specified as being applicable in the applicable Pricing Supplement, after the relevant Final Retained Note Disposal Date), having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 16 (*Notices*); and
  - (ii) notice to the Note Trustee and the Principal Paying Agent not less than 15 days before the giving of the notice referred to in (i),

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes of such Series in whole, but not in part, provided that, if the Issuer has exercised the Issuer Call option as specified in Condition 9.3 (*Redemption at the option of the Issuer (Issuer Call)*) in respect of part only of a relevant Series of Notes, the provisions of this Condition 9.5 shall not apply to the same Series of Notes for a period of 12 months from the applicable date of redemption of the Notes of such Series.

- (b) Redemption of Notes pursuant to this Condition 9.5 shall be made at the Residual Call Amount specified in the applicable Pricing Supplement, together with any interest accrued up to (but excluding) the date of redemption.
  - (c) Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Note Trustee a certificate signed by two Authorised Signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the condition precedent to the right of the Issuer so to redeem has occurred. The Note Trustee shall be entitled to accept without further enquiry such certificate as sufficient evidence of the satisfaction of the condition precedent set out above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.



## 9.6 Optional Redemption Amount and Residual Call Amount

- (a) The Optional Redemption Amount and the Residual Call Amount for the purpose of Conditions 9.3 (*Redemption at the option of the Issuer (Issuer Call)*) and 9.5 (*Residual Call Option*), respectively, will be:
- (i) if Par Amount is specified in the applicable Pricing Supplement, the principal amount of the Notes;
  - (ii) if Modified Spens Amount is specified in the applicable Pricing Supplement, the amount determined as set out below: or
  - (iii) if Make-Whole Amount or Other Amount is specified in the applicable Pricing Supplement, the amount determined as set out in the applicable Pricing Supplement.
- (b) If Modified Spens Amount is specified in the applicable Pricing Supplement, the Optional Redemption Amount or the Residual Call Amount, as applicable, shall be the amount equal to the higher of the following:
- (i) par; and
  - (ii) (the price (expressed as a percentage) (as reported in writing to the Issuer and the Note Trustee by a financial adviser nominated by the Issuer and whose identity is approved by the Note Trustee (the **Nominated Financial Adviser**)) (and rounded to three decimal places (0.0005 being rounded upwards)) at which the Gross Redemption Yield on the Notes (if the Notes were to remain outstanding until their 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) the Spens Margin.
- (c) For the purposes of this Condition 9.6:

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

**Determination Date** means 2 Business Days prior to the dispatch of the notice referred to in Condition 9.3(a) or Condition 9.5(a), as applicable;

**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); and

**Spens Margin** means the margin specified as such in the applicable Pricing Supplement.

## 9.7 Provisions relating to Partial Redemption

- (a) In the case of a partial redemption of Notes, Notes to be redeemed (the **Redeemed Notes**) will:
  - (i) in the case of Redeemed Notes represented by definitive Notes, be drawn individually by lot, not more than 30 days prior to the date fixed for redemption; and
  - (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).
- (b) In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 16 (*Notices*) not less than 15 days prior to the date fixed for redemption. Such notice will also specify the date fixed for redemption, the early redemption amount and the aggregate principal amount of the Redeemed Notes, the serial numbers of the Notes previously called for redemption and not presented for payment and the aggregate principal amount of the Notes which will be outstanding after the partial redemption.

## 9.8 Redemption at the option of the Noteholders (Investor Put)

- (a) If Investor Put is specified as being applicable in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 16 (*Notices*) not less than less than 30 nor more than 60 days' notice, the Issuer will, upon the expiry of such notice, redeem such Note on the (next following) Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.
- (b) To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition and the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.
- (c) If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on the holder's instruction by Euroclear, Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for it to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

## 9.9 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.

## 9.10 Purchases

- (a) Where Retained Notes are specified as being applicable in the applicable Pricing Supplement, the Issuer shall purchase the Retained Notes on the applicable Issue Date.
- (b) The Issuer or any other member of the MTVH Group may also at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes purchased by the Issuer or any other member of the MTVH Group may be held, reissued, resold or, at the option of the Issuer or such member of the MTVH Group, surrendered to any Paying Agent for cancellation.

## 9.11 Cancellation

- (a) All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 9.10 (*Purchases*) (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.
- (b) Where Retained Notes are specified as being applicable in the applicable Pricing Supplement in respect of a Series, the Issuer:
  - (i) shall cancel all such Retained Notes held by or on behalf of the Issuer:
    - (A) immediately prior to such Retained Notes being redeemed on the applicable Maturity Date;
    - (B) forthwith upon notice that the Notes of such Series are to be redeemed (and, in any event, prior to such redemption) in accordance with Condition 9.2 (*Redemption for tax reasons*) or Condition 12 (*Events of Default and Enforcement*); and
    - (C) on the Retained Note Cancellation Date (if any); and
  - (ii) may cancel any Retained Notes held by it or on its behalf at any time at its discretion.

## 10 Taxation

- (a) All payments of principal and interest in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons

after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (i) presented for payment in the Tax Jurisdiction; or
  - (ii) the holder of which is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or
  - (iii) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 8.5 (*Payment Day*)).
- (b) As used herein **Tax Jurisdiction** means the UK 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 payments made by the Issuer of principal and interest on the Notes become generally subject.

## 11 Prescription

- (a) The Notes, Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.
- (b) There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 8.2 (*Presentation of definitive Notes, Receipts and Coupons*) or any Talon which would be void pursuant to Condition 8.2 (*Presentation of definitive Notes, Receipts and Coupons*).

## 12 Events of Default and Enforcement

### 12.1 Secured Note Events of Default and Enforcement in respect of Secured Notes

This Condition 12.1 applies to Secured Notes only.

#### (a) Secured Note Events of Default

The Note Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being secured and/or indemnified and/or prefunded to its satisfaction), (but, in the case of the happening of any of the events described in (ii), (iv) and (xi) below, only if the Note Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders) give notice in writing to the Issuer that each Note is, and each Note shall thereupon immediately become, due and repayable at its principal amount, together with accrued interest as provided in the Note Trust Deed, and the Series Security shall become enforceable, if any of the following events (each a **Secured Note Event of Default**) shall occur:

- (i) default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal or 14 days in the case of interest; or
- (ii) the Issuer or any Charging Group Member fails to perform or observe any of its other obligations under the Conditions (other than in respect of Condition 5.1(c) (*Asset Cover Covenant*)), the Note Trust Deed or the Security Documents or if any representation given by the Issuer or any Charging Group Member to the Note Trustee in the Note Trust Deed or the Security Trustee in the Security Documents is found to be untrue or incorrect as at the time it was given and (except in any case where, in the opinion of the Note 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 following the service by the Note Trustee on the Issuer of notice in writing requiring the same to be remedied; or
- (iii) the Issuer fails to perform or observe its obligations under Condition 5.1(c) (*Asset Cover Covenant*) and (except in any case where, in the opinion of the Note 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 following the service by the Note Trustee on the Issuer of notice in writing requiring the same to be remedied; or
- (iv)
  - (A) any other present or future indebtedness of the Issuer or any Charging Group Member 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
  - (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period; or
  - (C) the Issuer or any Charging Group Member 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 (A), (B) or (C) have occurred equals or exceeds £10,000,000 or its equivalent in other currencies (as reasonably determined by the Note Trustee); or
- (v) any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any Charging Group Member save for the purposes of a reorganisation on terms previously approved in writing by the Note Trustee or by an Extraordinary Resolution or for the purposes of a Permitted Reorganisation; or
- (vi) the Issuer or any Charging Group Member ceases or threatens to cease to carry on the whole or, in the opinion of the Note Trustee, a substantial part of its business, save for the purposes of a reorganisation on terms previously

approved in writing by the Note Trustee or by an Extraordinary Resolution or for the purposes of a Permitted Reorganisation; or

- (vii) the Issuer or any Charging Group Member stops or threatens to stop payment of, or is unable to, or admits its 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
- (viii)
  - (A) proceedings are initiated against the Issuer or any Charging Group Member under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any Charging Group Member or, as the case may be, in relation to all or substantially all of the undertaking or assets of the Issuer or any Charging Group Member or an encumbrancer takes possession of all or substantially all of the undertaking or assets of the Issuer or any Charging Group Member, 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 undertaking or assets of the Issuer or any Charging Group Member; and
  - (B) in any such case (other than the appointment of an administrator (if applicable)) is not discharged within 14 days, save for the purposes of a reorganisation on terms previously approved in writing by the Note Trustee or by an Extraordinary Resolution or for the purposes of a Permitted Reorganisation; or
- (ix) the Issuer or any Charging Group Member (or any of their respective board members or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium); or
- (x) the Issuer or any Charging Group Member (or any of their respective board members or shareholders) 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) save for the purposes of a reorganisation on terms previously approved in writing by the Note Trustee or by an Extraordinary Resolution or for the purposes of a Permitted Reorganisation; or
- (xi) it is or becomes unlawful for the Issuer or any Charging Group Member to perform or comply with any of its obligations under or in respect of the Notes, the Note Trust Deed or the Security Documents.

(b) **Enforcement in respect of Secured Notes**

- (i) The Note 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 or any Charging Group Member as it may think fit to enforce the provisions of the Note Trust Deed, the Notes, the Receipts, the Coupons and/or any of the other Programme Documents or otherwise or (in its capacity as Representative) to direct the Security Trustee to take such proceedings and/or other steps or action (including lodging an appeal in any proceedings) against or in relation to the Issuer or any Charging Group Member as it may think fit to enforce the provisions of the Security Trust Deed, but it shall not be bound to take any such proceedings or any other steps or action in relation to the Note Trust Deed, the Notes, the Receipts, the Coupons or any of the other Programme Documents or otherwise or to direct the Security Trustee, as aforesaid, unless:
  - (A) it has been so directed by an Extraordinary Resolution of the holders of the Notes or so requested in writing by the holders of at least 25 per cent. in principal amount of the Notes then outstanding; and
  - (B) it has been secured and/or indemnified and/or prefunded to its satisfaction.
- (ii) The Note Trustee may refrain from taking any action, step or proceeding in any jurisdiction if the taking of such action, step or proceeding in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. The Note Trustee may also refrain from taking such action, step or proceeding 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.
- (iii) No Noteholder, Receiptholder, Couponholder or any other Series Secured Party (other than the Note Trustee) shall be entitled:
  - (A) to take any steps or action against the Issuer or any Charging Group Member to enforce the performance of any of the provisions of the Note Trust Deed, the Notes, the Receipts, the Coupons or any of the other Programme Documents;
  - (B) to take any steps or action against the Issuer or any Charging Group Member (or direct the Security Trustee to take any steps or action against the Issuer or any Charging Group Member) to enforce the performance of the provisions of the Security Trust Deed; or
  - (C) to take any other action (including lodging an appeal in any proceedings) in respect of or concerning the Issuer or any Charging Group Member,

in each case unless the Note Trustee, having become bound so to take any such steps, actions or proceedings, is unable or fails so to do within 60 days and the inability or failure shall be continuing.

## 12.2 **Unsecured Note Events of Default and Enforcement in respect of Unsecured Notes**

This Condition 12.2 applies to Unsecured Notes only.

### (a) **Unsecured Note Events of Default**

The Note Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being secured and/or indemnified and/or prefunded to its satisfaction), (but, in the case of the happening of any of the events described in (ii) (except in the case of a breach of the Unencumbered Assets Test) and (x) below, only if the Note Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders) give notice in writing to the Issuer that each Note is, and each Note shall thereupon immediately become, due and repayable at its principal amount, together with accrued interest as provided in the Note Trust Deed, if any of the following events (each an **Unsecured Note Event of Default**) shall occur:

- (i) default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal or 14 days in the case of interest; or
- (ii) the Issuer fails to perform or observe any of its other obligations under the Conditions or the Note Trust Deed or if any representation given by the Issuer to the Note Trustee in the Note Trust Deed is found to be untrue or incorrect as at the time it was given and (except in any case where, in the opinion of the Note 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 following the service by the Note Trustee on the Issuer of notice in writing requiring the same to be remedied; or
- (iii)
  - (A) 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
  - (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period; or
  - (C) 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 (A), (B) or (C) have occurred equals or exceeds £10,000,000 or its equivalent in other currencies (as reasonably determined by the Note Trustee); or

- (iv) 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 Note Trustee or by an Extraordinary Resolution or for the purposes of a Permitted Reorganisation; or
- (v) the Issuer ceases or threatens to cease to carry on the whole or, in the opinion of the Note Trustee, a substantial part of its business, save for the purposes of a reorganisation on terms previously approved in writing by the Note Trustee or by an Extraordinary Resolution or for the purposes of a Permitted Reorganisation; or
- (vi) the Issuer stops or threatens to stop payment of, or is unable to, or admits its 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
- (vii)
  - (A) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to all or substantially all of the undertaking or assets of the Issuer or an encumbrancer takes possession of all or substantially all of the undertaking or assets of the Issuer, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against all or substantially all of the undertaking or assets of the Issuer; and
  - (B) in any such case (other than the appointment of an administrator (if applicable)) is not discharged within 14 days, save for the purposes of a reorganisation on terms previously approved in writing by the Note Trustee or by an Extraordinary Resolution or for the purposes of a Permitted Reorganisation; or
- (viii) the Issuer (or any of its board members or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium); or
- (ix) the Issuer (or any of its board members or shareholders) 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) save for the purposes of a reorganisation on terms previously approved in writing by the Note Trustee

or by an Extraordinary Resolution or for the purposes of a Permitted Reorganisation; or

- (x) it is or becomes unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Note Trust Deed.

(b) **Enforcement in respect of Unsecured Notes**

- (i) The Note 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 Note Trust Deed, the Notes, the Receipts, the Coupons and/or any of the other Programme Documents or otherwise, but it shall not be bound to take any such proceedings or any other steps or action in relation to the Note Trust Deed, the Notes, the Receipts, the Coupons or any of the other Programme Documents, as aforesaid, unless:
  - (A) it has been so directed by an Extraordinary Resolution of the holders of the Notes or so requested in writing by the holders of at least 25 per cent. in principal amount of the Notes then outstanding; and
  - (B) it has been secured and/or indemnified and/or prefunded to its satisfaction.
- (ii) The Note Trustee may refrain from taking any action, step or proceeding in any jurisdiction if the taking of such action, step or proceeding in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. The Note Trustee may also refrain from taking such action, step or proceeding 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.
- (iii) No Noteholder, Receiptholder or Couponholder shall be entitled:
  - (A) to take any steps or action against the Issuer to enforce the performance of any of the provisions of the Note Trust Deed, the Notes, the Receipts, the Coupons or any of the other Programme Documents; or
  - (B) to take any other action (including lodging an appeal in any proceedings) in respect of or concerning the Issuer,

in each case unless the Note Trustee, having become bound so to take any such steps, actions or proceedings, is unable or fails so to do within 60 days and the inability or failure shall be continuing.

### **13 Replacement of Notes, Receipts, Coupons and Talons**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such

terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

#### **14      Paying Agents**

- (a)      The initial Paying Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Pricing Supplement.
- (b)      The Issuer is entitled, with the prior written approval of the Note Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:
  - (i)          there will at all times be a Principal Paying Agent;
  - (ii)        so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
  - (iii)       if at any time:
    - (A)        any withholding or deduction of any amount for or on account of any taxes or duties upon the Notes, Receipts or Coupons is required upon the Notes, Receipts or Coupons being presented for payment in a Tax Jurisdiction; and
    - (B)        such withholding or deduction would not be required were the Notes, Receipts or Coupons to be presented for payment outside such Tax Jurisdiction,there will at such times be a Paying Agent in a jurisdiction within Europe, other than such Tax Jurisdiction.
- (c)      In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 8.4 (*General provisions applicable to payments*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 16 (*Notices*).
- (d)      In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Note Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholder, Receipholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

#### **15      Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such

further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 11 (*Prescription*).

## **16 Notices**

- (a) All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Note Trustee shall approve.
- (b) Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.
- (c) Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## **17 Substitution**

- (a) The Note Trust Deed contains provisions permitting the Note Trustee to, subject to any required amendment of the Note Trust Deed, without the consent of the Noteholders, Receiptholders or the Couponholders or, in respect of a Series of Secured Notes, any Series 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 Notes, the Receipts, the Coupons and the Note Trust Deed of another company, registered society or other entity subject to:
  - (i) the Note Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and

- (ii) certain other conditions set out in the Note Trust Deed being complied with.
- (b) For the avoidance of doubt, these provisions do not apply to a Permitted Reorganisation, in respect of which the consent of the Note Trustee shall not be required.
- (c) Any such substitution shall be binding on all Noteholders, Receiptholders and Couponholders and shall be notified to the Noteholders in accordance with Condition 16 (*Notices*) as soon as practicable thereafter.

## **18 Meetings of Noteholders, Modification, Waiver and Authorisation**

### **18.1 Meetings of Noteholders**

- (a) The Note Trust Deed contains provisions for convening meetings of the Noteholders (including by way of conference call) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Note Trust Deed. Such a meeting may be convened by the Issuer or the Note Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than ten per cent in principal amount of the Notes for the time being remaining outstanding (other than in respect of a meeting requested by Noteholders to discuss the financial position of the Issuer and, in respect of the Secured Notes, the Charging Group Members, which shall be requested in accordance with, and shall be subject to, (in the case of Secured Notes) Condition 5.1(e)(ii) (*Information Covenant*) or (in the case of Unsecured Notes) Condition 5.2(c) (*Information Covenant*)).
- (b) 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 principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes any matter defined in the Note Trust Deed as a Basic Terms Modification, including, *inter alia*, modifying the date of maturity of the Notes 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 Notes or altering the currency of payment of the Notes, the Receipts or the Coupons or amending the Asset Cover Test or the Unencumbered Assets Test, the quorum shall be one or more persons holding or representing in aggregate not less than 75 per cent. in principal amount of the Notes 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 principal amount of the Notes for the time being outstanding.
- (c) In addition, the Note Trust Deed provides that:
  - (i) a resolution passed at a meeting duly convened and held in accordance with the Note Trust Deed by a majority consisting of not less than 75 per cent. of the votes cast on such resolution;
  - (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding; or

- (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Note Trustee) by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding,

shall, in each case, be effective as an Extraordinary Resolution of the Noteholders.

- (d) An Extraordinary Resolution passed by the Noteholders shall be binding on all the Noteholders, 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.

## 18.2 **Modification, Waiver, Authorisation and Determination**

- (a) The Note Trustee may agree, without the consent of the Noteholders, Receiptholders, Couponholders or, in respect of a Series of Secured Notes, any Series Secured Party, to any modification (except as stated in the Note Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Note Trust Deed or any other Programme 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 (provided that, in any such case, it is not, in the opinion of the Note Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Note Trustee, proven. For the avoidance of doubt, no modification shall be made to Condition 4.2 (*Post-enforcement*) without the consent of each Series Secured Party.
- (b) In addition, the Note Trustee shall (subject to the provisions of Condition 7.2(c) (*Benchmark Replacement*)) be obliged to use its best endeavours to implement any modifications to the Note Trust Deed, the Agency Agreement and the Conditions as may be required in order to give effect to Condition 7.2(c) (*Benchmark Replacement*) in connection with effecting any Benchmark Amendments without the requirement for the consent or sanction of the Noteholders, Receiptholders Couponholders or, in respect of a Series of Secured Notes, any Series Secured Party. Any such modification shall be binding on the Noteholders, Receiptholders and the Couponholders of that Series and, unless the Note Trustee agrees otherwise, shall be notified to the Noteholders of that Series as soon as practicable thereafter.

## 18.3 **Note Trustee to have regard to interests of Noteholders 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 Note Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders, 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 Noteholders, 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 Note Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, (in the case of Secured Notes) any Charging Group

Member, the Note Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 10 (*Taxation*) and/or any undertaking or covenant given in addition to, or in substitution for, Condition 10 (*Taxation*) pursuant to the Note Trust Deed.

#### 18.4 **Notification to the Noteholders**

Any such modification, waiver, authorisation and/or determination shall be binding on the Noteholders, the Receiptholders, the Couponholders and, in the case of Secured Notes, the other Series Secured Parties and (unless the Note Trustee agrees otherwise) shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 16 (*Notices*).

#### 19 **Indemnification and protection of the Note Trustee and the Security Trustee and the Note Trustee and the Security Trustee contracting with the Issuer and the Charging Group Members**

- (a) The Note Trust Deed and (in the case of Secured Notes) the Security Trust Deed contain provisions for the indemnification of the Note Trustee and the Security Trustee, respectively, and for their relief from responsibility and liability towards the Issuer, (in the case of Secured Notes) the Charging Group Members, the Noteholders, the Receiptholders, the Couponholders and (in the case of Secured Notes) the other Series Secured Parties, including:
  - (i) provisions relieving them from taking action unless secured and/or indemnified and/or prefunded to their satisfaction; and
  - (ii) provisions limiting or excluding their liability in certain circumstances.
- (b) In respect of each Series of Secured Notes, the Note Trustee and the Security Trustee are each exempted from any liability in respect of any loss, diminution in value or theft of all or any part of the Series Charged Property, from any obligation to insure all or any part of the Series 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.
- (c) The Note Trust Deed and (in the case of Secured Notes) the Security Trust Deed also contain provisions pursuant to which the Note Trustee and the Security Trustee, respectively, are entitled, *inter alia*:
  - (i) to enter into or be interested in any contract or financial or other transaction or arrangement with the Issuer, any Subsidiary or any other Programme Party or any person or body corporate associated with the Issuer, any Subsidiary or any Programme Party;
  - (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, any Subsidiary or any Programme Party or any such person or body corporate so associated or any other office of profit under the Issuer, any Subsidiary or any Programme Party or any such person or body corporate so associated; and

- (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.
- (d) Neither the Note Trustee nor (in the case of Secured Notes) the Security Trustee shall be bound to take any step or action in connection with the Note Trust Deed or the Notes or the Security Trust Deed, as applicable, or obligations arising pursuant thereto or pursuant to the other Programme Documents, where it is not satisfied that it is indemnified and/or secured and/or prefunded 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.
- (e) The Note Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Note Trustee shall be entitled:
  - (i) to evaluate its risk in any given circumstance by considering the worst-case scenario; and
  - (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the indemnity or security.
- (f) In the case of Secured Notes, neither the Note Trustee nor the Security Trustee shall have any responsibility for the validity, sufficiency or enforceability of the Series Security. Neither the Note Trustee nor the Security Trustee shall be responsible for monitoring the compliance by any of the other Transaction Parties with their obligations under the Programme Documents.

## **20 Further issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further Notes having terms and conditions the same as the Notes (including, in the case of Secured Notes, secured on the same assets) or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue, and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## **21 Contracts (Rights of Third Parties) Act 1999**

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

## **22 Governing Law and submission to Jurisdiction**

### **22.1 Governing law**

The Note Trust Deed, the Agency Agreement, the Account Agreement, the Security Documents, the Notes, the Receipts and the Coupons, and any non-contractual obligations or matters arising



out of or in connection with them, shall be governed by, and construed in accordance with, English law.

## 22.2 **Submission to jurisdiction**

- (a) Subject to Condition 22.2(c), the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Note Trust Deed, the Notes, the Receipts and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Note Trust Deed, the Notes, the Receipts and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and the Note Trustee and any Noteholders, Receiptholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 22.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Note Trustee, the Noteholders, the Receiptholders and the Couponholders may, in respect of any Dispute or Disputes, take:
  - (i) proceedings in any other court with jurisdiction; and
  - (ii) concurrent proceedings in any number of jurisdictions.

## 22.3 **Other documents**

The Issuer has in the Agency Agreement, the Account Agreement and the Security Documents submitted to the jurisdiction of the English Courts.

## Form of Pricing Supplement

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

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or both) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended or superseded, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, 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 or superseded, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**[MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the][each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[Consider any negative target market.]* Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s']['s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s']['s'] target market assessment) and determining appropriate distribution channels.]<sup>1</sup>

**[UK MIFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (**UK MiFIR**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[Consider any negative target market.]* Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s']['s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s']['s'] target market assessment) and determining appropriate distribution channels. ]<sup>2</sup>

[Date]

**METROPOLITAN HOUSING TRUST LIMITED**  
**Legal entity identifier (LEI): 213800ADJSQQI3UH6Z36**

**Issue of £[Aggregate Principal Amount of Tranche] [Title of Notes]**

<sup>1</sup> To be included where the relevant Dealer/Managers (and any other relevant entities) are subject to MiFID II.

<sup>2</sup> To be included where the relevant Dealer/Managers (and any other relevant entities) are subject to the UK MIFIR Product Governance Rules.

**under the £2,000,000,000 Note Programme**  
**Part A – Contractual Terms**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Programme Admission Particulars dated 16 July 2021 [and the supplement[s] to it dated [date] [and [date]] ([together,] the **Programme Admission Particulars**). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Programme Admission Particulars. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Programme Admission Particulars. The Programme Admission Particulars have been published via the regulatory news service maintained by the London Stock Exchange ([www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html)).

1. Issuer: Metropolitan Housing Trust Limited
2. (a) Series Number: [specify]
- (b) Tranche Number: [specify]
- (c) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with [specify] on [the Issue Date][the date that is 40 days after the Issue Date][exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [29] below, which is expected to occur on or about [specify]][Not Applicable].
3. Aggregate Principal Amount:
  - (a) Series: £[specify]
  - (b) Tranche: £[specify]
4. Retained Notes: [Applicable][Not Applicable]
  - (a) Retained Notes Principal Amount: [specify][Not Applicable]
  - (b) Retained Note Cancellation Date: [specify][Not Applicable]
5. Issue Price: [specify] per cent. of the Aggregate Principal Amount [plus accrued interest from [specify]]
6. Specified Denomination(s): [specify]
7. Calculation Amount (in relation to calculation of interest in respect of Notes in global form see Conditions): [specify]
8. Issue Date: [specify]

9. Interest Commencement Date: [specify][Issue Date]
10. Maturity Date: [specify][Interest Payment Date falling in or nearest to [specify]
11. Interest Basis: [Fixed Rate] [and] [Floating Rate]  
(see paragraph [19][20] below)
12. Change of Interest Basis: [specify][Not Applicable]
13. Redemption Basis: [Redemption on the Maturity Date at the Final Redemption Amount][Instalment Redemption]  
(see paragraph [21][22] below)
14. Call/Put Options: [Issuer Call (see paragraph [23] below)]  
[Maturity Par Call Option (see paragraph [24] below)]  
[Residual Call Option (see paragraph [25] below)]  
[Investor Put (see paragraph [26] below)]  
[Not Applicable]
15. Security Basis: [Secured Notes][Unsecured Notes]
16. Date Board approval for issuance of Notes obtained [specify]

#### **Provisions relating to the Series Security for Secured Notes**

17. Numerical Apportionment Basis: [Applicable][Not Applicable]  
Initial Charged Properties: [specify number of units]
18. Specific Apportionment Basis: [Applicable][Not Applicable]  
*(NB If applicable, supplement to the Programme Admission Particulars to be prepared)*

#### **Provisions relating to interest payable**

19. Fixed Rate Note Provisions: [Applicable][Not Applicable]
- (a) Rate(s) of Interest: [specify] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [specify] in each year up to and including the Maturity Date[, subject to adjustment in accordance with the Business Day Convention set out in (g) below]
- (c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to [specify] per Calculation Amount

Notes in global form see  
Conditions):

- (d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [[*specify*] per Calculation Amount, payable on the Interest Payment Date falling [in][on] [*specify*].][Not Applicable]
- (e) Day Count Fraction: [Actual/Actual (ICMA)] [30/360]
- (f) Determination Date(s): [[*specify*] in each year] [Not Applicable]
- (g) Business Day Convention: [Following Business Day Convention] [Modified Following Business Day Convention]
- 20. Floating Rate Note Provisions: [Applicable][Not Applicable]
- (a) Specified Period(s)/Specified Interest Payment Dates: [*specify*] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below][, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention] [Following Business Day Convention] [Modified Following Business Day Convention] [Preceding Business Day Convention] [Not Applicable]
- (c) Additional Business Centre(s): [*specify*]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination][ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent Bank): [*specify*][Not Applicable]
- (f) Screen Rate Determination: [Applicable][Not Applicable]
- Interest Determination Date(s): [*specify*]  
  
(NB To be not less than 5 London Banking Days prior to each Interest Payment Date in respect of interest determined pursuant to Condition 7.2(b)(ii))
- Relevant Screen Page: [*specify*]

Relevant Time:	<p>[specify][Not Applicable]</p> <p><i>(NB where Calculation Method is not SONIA Index Determination, Relevant Time will be Not Applicable)</i></p>
Calculation Method:	<p>[Compounded Daily SONIA Formula] [SONIA Index Determination]</p>
Observation Method:	<p>[Lag] [Observation Shift] [Not Applicable]</p>
Lag Lookback Period Period (p):	<p>[[5][specify] London Banking Days][Not Applicable]</p>
Observation Shift Period:	<p>[[5][specify] London Banking Days][Not Applicable]</p> <p><i>(N.B. When setting the Lag Lookback Period (p) or the Observation Shift Period, the practicalities of this period should be discussed with the Agent Bank or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement. It is anticipated that ‘(p)’ will be no fewer than 5 London Banking Days unless otherwise agreed with the Agent Bank or, if applicable/required, such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement, in relation to the relevant issuance)</i></p>
Relevant Number:	<p>[[5][specify] London Banking Days][Not Applicable]</p> <p><i>(NB not applicable unless Calculation Method is SONIA Index Determination)</i></p> <p><i>(N.B. When setting the Relevant Number, the practicalities of this period should be discussed with the Agent Bank or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement. It is anticipated that the Relevant Number will be no fewer than 5 London Banking Days unless otherwise agreed with the Agent Bank or, if applicable/required, such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement, in relation to the relevant issuance)</i></p> <p><i>(It is anticipated that Screen Rate Determination will be used on an issue by issue basis, unless otherwise agreed between the Relevant Issuer and the relevant dealer or the relevant managers on the launch of a particular issue)</i></p>

- (h) ISDA Determination: [Applicable][Not Applicable]
- Floating Rate Option: [specify]
- Designated Maturity: [specify]
- Reset Date: [specify]
- (h) Linear Interpolation: [Not Applicable][Applicable – the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (i) Margin(s): [+][-] [specify] per cent. per annum
- (j) Minimum Rate of Interest: [specify] per cent. per annum
- (k) Maximum Rate of Interest: [specify] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]

#### Provisions relating to Redemption

21. Final Redemption Amount: [[100] per cent. of their principal amount][Not Applicable]
22. Instalment Redemption: [Applicable][Not Applicable]

##### *Instalment Dates*

[specify]

[specify]

##### *Instalment Amounts*

[specify]

[specify]

23. Issuer Call: [Applicable][Not Applicable]
- (a) Optional Redemption Amount: [Par Amount][Modified Spens Amount][Make Whole Amount][Other Amount]
- [Specify method of calculation where Make Whole Amount or Other Amount is applicable]
- (b) Benchmark Gilt: [specify][Not Applicable]
- (c) Spens Margin: [[specify] per cent.][Not Applicable]
24. Maturity Par Call Option: [Applicable][Not Applicable]
- Call Option Date: [specify]

- [To be no earlier than 90 days before the Maturity Date]*
25. Residual Call Option: [Applicable][Not Applicable]
- (a) Residual Call Amount: [Par Amount][Modified Spens Amount][Make Whole Amount][Other Amount]
- [Specify method of calculation in where Make Whole Amount or Other Amount is applicable]*
- (b) Benchmark Gilt: [specify][Not Applicable]
- (c) Spens Margin: [[specify] per cent.][Not Applicable]
26. Investor Put: [Applicable][Not Applicable]
- (a) Optional Redemption Date(s): [specify][The date falling 180 days following the Issuer ceasing to be (and not in such period regained its status as) a Registered Provider of Social Housing]
- (b) Optional Redemption Amount: £[specify] per Calculation Amount.

**General provisions applicable to the Notes:**

27. Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]
28. New Global Note: [Yes][No]
29. Additional Financial Centre(s): [Not Applicable][give details]
30. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payment are still to be made][Not Applicable]

**[THIRD PARTY INFORMATION]**

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]



Signed on behalf of Metropolitan Housing Trust Limited:

By: .....  
Duly authorised

[By .....  
Duly authorised]

## Part B – Other Information

### 1. Admission to Trading

(a) Admission to Trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange plc's International Securities Market [and Sustainable Bond Market] with effect from [specify].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's International Securities Market [and Sustainable Bond Market] with effect from [specify].]

*(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*

(b) Estimate of total expenses related to admission to trading: [specify]

### 2. Ratings

[The Notes to be issued [have been][are expected to be] rated [[●] by S&P Global Ratings UK Limited] [and] [[●] by [Fitch Ratings Ltd.].]

[The Notes to be issued are not rated.]

### 3. Interests of natural and legal persons involved in the issue

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

### 4. Yield (Fixed Rate Notes only)

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

### 5. Historic Interest Rates (Floating Rate Notes only)

Details of historic SONIA rates can be obtained from [Reuters].]

### 6. Operational Information

(a) ISIN: [specify]

- (b) Common Code: [specify]
- (c) CFI: [[specify], as updated as set out on the website of the Association of National Number Agencies (ANNA)][Not Applicable]
- (If the CFI is not required, requested or available, it should be specified to be "Not Applicable")*
- (d) FISN: [[specify], as updated as set out on the website of the Association of National Number Agencies (ANNA)][Not Applicable]
- (If the FISN is not required, requested or available, it should be specified to be "Not Applicable")*
- (e) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [specify][Not Applicable]
- (f) Delivery: Delivery [against][free of] payment
- (g) Names and addresses of additional Paying Agent(s) (if any): [specify][Not Applicable]
- (h) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
- [No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

- (i) Use of proceeds: *[Give details if additional to the "Use of Proceeds and Sustainable Financing Framework" section in the Programme Admission Particulars]*
- (j) Sustainable Bonds: *[Yes][No]*
- Reviewer(s): *[Name of relevant rating agencies and name of third party assurance agent, if any, and details of compliance opinion(s) and availability][Not Applicable]*
- Date of Second Party Opinion(s): *[specify][Not Applicable]*

## 7. Distribution

- (a) Method of distribution: *[Syndicated][Non-Syndicated]*
- (b) If syndicated, names of Managers: *[Not Applicable][specify]*
- (c) Date of [Subscription] Agreement: *[Not Applicable][specify]*
- (d) Stabilisation Manager(s) (if any): *[Not Applicable][specify]*
- (e) If non-syndicated, name of relevant Dealer: *[Not Applicable][specify]*
- (f) U.S. Selling Restrictions: Regulation S  
Compliance Category [1][2]  
[TEFRA D][TEFRA C]

## Use of Proceeds and Sustainable Financing Framework

### Use of Proceeds

The net proceeds from each issue of Notes (or, in the case of any Retained Notes, the net proceeds of sale of such Retained Notes to a third party) (each after deduction of expenses payable by the Issuer) shall be applied in furtherance of the Issuer's objects as permitted by its Rules including, without limitation, on-lending to other members of the MTVH Group and the repayment of any existing indebtedness of the Issuer.

If, in respect of an issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

If the Notes are specified as "Sustainable Bonds" in the applicable Pricing Supplement, the net proceeds from the issue of the Notes (or, in the case of any Retained Notes, the net proceeds of the sale of such Retained Notes to a third party) (each after deduction of expenses payable by the Issuer) will be used for sustainable purposes and, unless otherwise specified in the applicable Pricing Supplement, will be applied in accordance with the Sustainable Financing Framework as described below.

### Sustainable Financing Framework

On 16 July 2021, the MTVH Group published a framework for sustainable finance (the **Sustainable Financing Framework**) prepared in alignment with the Social Bond Principles – June 2021, the Sustainability Bond Guidelines – June 2021 and the Green Bond Principles – June 2021, each as published by the International Capital Markets Association (**ICMA**), and the Green Loan Principles – February 2021 and the Social Loan Principles – April 2021, each as published by the Loan Market Association (**LMA**). The Sustainable Financing Framework is available at: <https://www.mtvh.co.uk/about-us/investor-relations/>.

The Sustainable Financing Framework contains four key components:

- (a) *Use of proceeds*: the MTVH Group will allocate proceeds under the Sustainable Financing Framework to finance or refinance in whole or in part new or existing projects according to the following eligibility criteria:
  - (i) the existing social housing portfolio;
  - (ii) the construction of new social and affordable housing;
  - (iii) renovation of existing homes;
  - (iv) the regeneration of existing estates and developments to deliver 'warm, safe, dry homes'; and
  - (v) the creation of sustainable estates, communities and public spaces.

Green Eligible Projects include Green Buildings, Energy Efficiency and Clean Transportation. Social Eligible Projects include Affordable Housing and Affordable Infrastructure and Services.

- (b) *Process for project evaluation and selection*: the Board has overall accountability for the Sustainable Financing Framework and the Eligible Projects (as defined in the Sustainable Financing Framework), however, the Treasury and Development Committees will be responsible for: (i) selecting and approving Eligible Green and Social projects under the

Sustainable Financing Framework; (ii) verifying and providing timely reporting on the allocation and impact of net proceeds raised using the Sustainable Financing Framework; and (iii) monitoring the on-going evolution in regulation and market practices to ensure the Issuer's activities and the Sustainable Financing Framework are in-line with best practices;

- (c) *Management of proceeds:* An amount equal to the net proceeds of the Sustainable Bonds under the Sustainable Financing Framework will be managed and overseen by the Treasury team. Furthermore, the net proceeds will be wholly allocated to finance and/or refinance Eligible Projects. The Treasury team will also ensure, on a best efforts basis, that the portfolio of Eligible Projects exceeds, or at least is equal to, the amount of Sustainable Bond proceeds raised under the Sustainable Financing Framework. Should proceeds be allocated to refinancing existing projects and expenditures, a lookback period of 36 months will be in place. For the Issuer's inaugural Sustainable Bond, it is expected that an amount equal to the net proceeds will be fully allocated within 24 months following the bond issuance.
- (d) *Reporting:* the MTVH Group will publish annually, until the full allocation of the net proceeds or in case of material changes, an Allocation Report and an Impact Report on its "Investor Relations" section of the corporate website, within the "Sustainable Investment" section: <https://www.mtvh.co.uk/about-us/investor-relations/>. The MTVH Group has appointed imug rating GmbH to confirm the alignment of the Sustainable Financing Framework to the Social Bond Principles – June 2021, the Sustainability Bond Guidelines – June 2021 and the Green Bond Principles – June 2021, each as published by ICMA, and the Green Loan Principles – February 2021 and the Social Loan Principles – April 2021, each as published by the LMA. imug rating GmbH has provided a Second Party Opinion (the **Second Party Opinion**) on the Sustainable Financing Framework. A link to the Second Party Opinion is available at: <https://www.mtvh.co.uk/about-us/investor-relations/>.

The MTVH Group may from time to time obtain any further second party opinion(s) (if any) in respect of a Series of Notes and details of any such further second party opinion(s) shall be specified in the applicable Pricing Supplement.

For the avoidance of doubt, the Sustainable Financing Framework, the Second Party Opinion and any further second party opinion(s) referred to in the applicable Pricing Supplement are not, nor shall they be deemed to be, incorporated in and/or form part of these Programme Admission Particulars.

## Description of the Retained Note Custody Agreement

The Issuer has appointed The Bank of New York Mellon, London Branch as its Retained Note Custodian pursuant to the Retained Note Custody Agreement in relation to the issue of Retained Notes under the Programme.

*The following description of the Retained Note Custody Agreement consists of a summary of certain provisions of the Retained Note Custody Agreement and is qualified by reference to the detailed provisions thereof. The Retained Note Custody Agreement is not, however, incorporated by reference into, and therefore does not form part of, these Programme Admission Particulars.*

*Definitions used in this section but not otherwise defined in these Programme Admission Particulars have the meanings given to them in the Retained Note Custody Agreement.*

Pursuant to the Retained Note Custody Agreement, the Retained Note Custodian shall, subject to receipt of such documents as it may require, open, in the name of the Issuer, the Retained Note Custody Sub-Account and the Retained Note Cash Sub-Account (together with the Retained Note Custody Sub-Account, the **Retained Note Custody Account**).

### Transfer of Retained Notes

Pursuant to the Retained Note Custody Agreement, the Retained Note Custodian shall not effect a transfer of any Retained Notes except (in the case of Secured Notes) with the prior written consent of the Note Trustee in the form of a Retained Note Consent Letter which has been countersigned on behalf of the Note Trustee. The Note Trustee shall countersign the relevant Retained Note Consent Letter upon receipt of a signed Retained Note Compliance Certificate from the Issuer confirming, to the Note Trustee's satisfaction, that the Issuer will be in compliance with the Asset Cover Test in respect of the relevant Series of Secured Notes immediately following such transfer.

### Payment Waiver

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

- (a) waived its rights to receive payments of interest, principal or otherwise in respect of the Retained Notes 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 a Potential Event of Default in respect of the relevant Series;
- (b) authorised the Retained Note Custodian to disclose the waiver referred to in (a) above in respect of the Retained Notes (and the Retained Notes position with the Retained Note Custodian) to the Principal Paying Agent and any applicable international clearing system for the Retained Notes to ensure that the waiver of the right to receive payments of interest, principal or otherwise in respect of the Retained Notes is effected; and
- (c) directed the Retained Note Custodian, in respect of each Retained Note held by the Retained Note Custodian on behalf of the Issuer in the Retained Note Custody Sub-Account in definitive form:
  - (i) on each Interest Payment Date, to surrender the interest coupon for such Retained Note corresponding to such Interest Payment Date to the Principal Paying Agent for cancellation;

- (ii) in respect of Retained Notes where Instalment Redemption is specified as applicable in the applicable Pricing Supplement, on each Instalment Date, to surrender the principal receipt for such Retained Note corresponding to such Instalment Date to the Principal Paying Agent for cancellation; and
- (ii) to surrender the definitive bond representing such Retained Note to the Principal Paying Agent for cancellation on any date on which the Retained Notes are to be redeemed in full.

The Retained Note 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 Note Trustee in the form of a Retained Note Consent Letter which has been countersigned on behalf of the Note Trustee.

#### **Termination of Retained Note Custody Agreement**

Either the Issuer or the Retained Note Custodian may terminate the Retained Note Custody Agreement by giving at least 30 days' written notice to the other parties.

Either of the Issuer or the Retained Note Custodian may further terminate the Retained Note Custody Agreement with immediate effect by giving notice to the other parties if the Retained Note Custodian or the Issuer, as applicable, has committed a material breach of the terms of the Retained Note Custody Agreement which is not remedied within 30 days of notice of the same or upon the occurrence of an insolvency event with respect to that party.

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



## Description of the Issuer

### Introduction

Metropolitan Housing Trust Limited (the **Issuer**) was incorporated on 26 April 1963 and is registered in England with limited liability under the Co-operative and Community Benefit Societies Act 2014 (with registered number 16337R) and is registered with the Regulator (with registered number L0726). It is also affiliated to the National Housing Federation. The Issuer is an exempt charity.

The registered address of the Issuer is The Grange, 100 High Street, London N14 6PW.

### Background and History

Thames Valley Housing Association Limited (**TVHA**) was formed in 1966 and registered under the Co-operative and Community Benefit Societies Act 2014 with registered number 17375R. TVHA's previous subsidiary, Thames Valley Charitable Housing Association Limited (which was the main Registered Provider in the Thames Valley group), transferred its engagements to the Issuer as part of the coming together of the two groups in October 2018. On the same date, the Issuer became a subsidiary of TVHA to form the new group and which now trades under the name Metropolitan Thames Valley or MTVH.

The MTVH Group is one of the largest housing association groups in the country, with total stock of over 58,000 homes, of which around 27,000 are in London. It is a member of the G15, a group of the major housing providers in London.

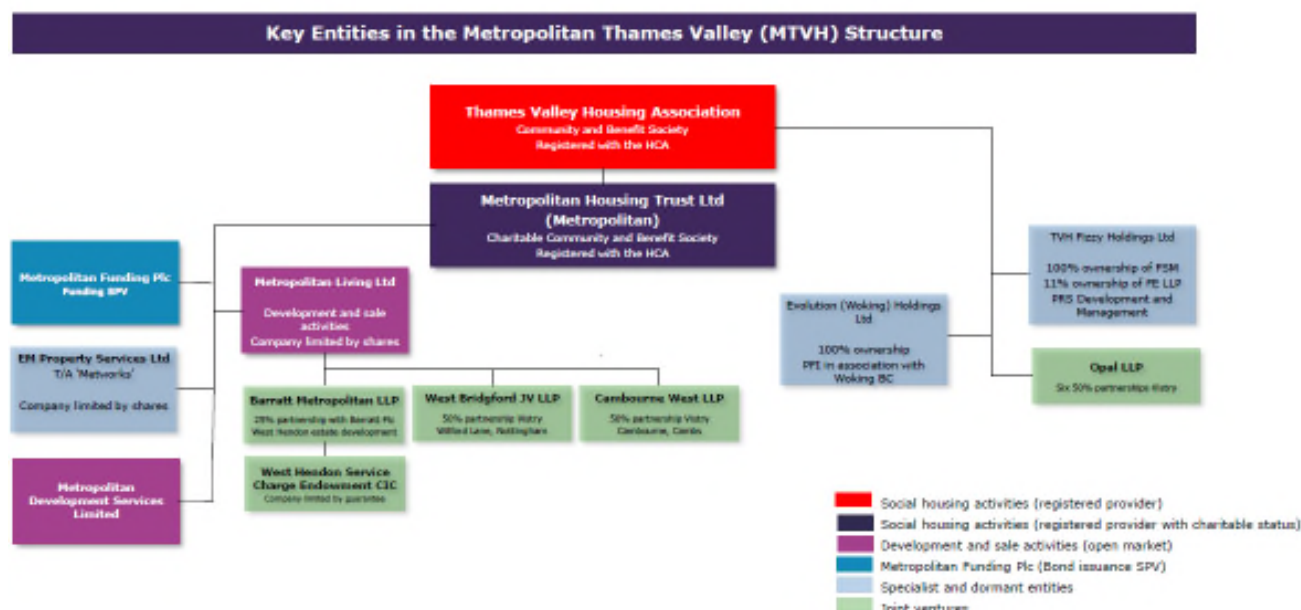
The majority of the MTVH Group's properties are general needs properties, charged at social or affordable rent levels. In addition, the Group offers care and supported accommodation for older people and other vulnerable groups, as well as temporary housing, shared ownership, open market sales, private market rent, key worker accommodation and commercial properties.

The Issuer's primary business object is to carry on, for the benefit of the community, the provision and management of housing, including social housing, and the provision of assistance to help house people and associated facilities, amenities and services for poor people or for the relief of aged, disabled (whether physically or mentally) or chronically sick people.

### The MTVH Group

TVHA has a number of other subsidiaries in addition to the Issuer and there are associate entities, partnerships and joint ventures also within the MTVH Group. The entities undertake, but are not limited to, operations in keyworker accommodation, market rent, development for sale and a private finance initiative (PFI). The Issuer also has a subsidiary, Metropolitan Funding plc, which previously issued £250 million of secured bonds in 2015.

# MTVH Group Structure



## Principal Activities

The Issuer is a Registered Provider of Social Housing and a community benefit society with charitable objects whose activities are regulated by the Regulator. As such, the Issuer has charitable status but is exempt from registration with the Charity Commission.

The Issuer's primary business object is to carry on, for the benefit of the community, the provision and management of housing, including social housing, and the provision of assistance to help house people and associated facilities, amenities and services for poor people or for the relief of aged, disabled (whether physically or mentally) or chronically sick people. Any surpluses which result from the Issuer's operations are reinvested; no dividends are payable to shareholders or to other stakeholders. The MTVH Group plans to develop circa 6,000 units over the next five years with investment of around £1.2 billion during such period.

The MTVH Group launched a new five year strategy in April 2021 entitled "Serving People Better Every Day" and has the following key themes:

- Customer Experience – ensuring residents' voices are heard in working to provide the service and support that matter most to them. The introduction of a new resident governance structure will assist with this.
- People's Homes – making great places to live, building new homes and investing in existing properties to ensure they're safe, warm and dry for all residents. This will include investing £715 million over five years in maintenance and improvements, building 5,000 new homes to rent and buy and growing the in-house maintenance services. This will also tie in the MTVH Group's Corporate Sustainability Strategy and investment in energy efficiency, with the aim of becoming carbon neutral by 2050.
- Living Well – helping to meet the challenges faced by communities, making the case for change where it is needed and supporting people to live well. A resident census will be conducted to improve understanding of the MTVH Group's communities and the MTVH Group will enter into partnerships with other organisations.

## **Administrative, management and supervisory bodies**

### **Board**

TVHA and the Issuer have a common board (the **Board**). The Board members (all of whom, other than Geeta Nanda and Ian Johnson, are non-executive) and their principal activities outside the Issuer are as follows:

<b>Name</b>	<b>Principal activities outside the Issuer</b>
Althea Efunshile, CBE (Chair)	Non-Executive Director at University College London Hospitals (UCLH) Non-Executive Director, Channel 4 Chair, Ballet Black
Lesley-Anne Alexander, CBE	Director, Royal Brompton and Harefield NHS Foundation Trust Trustee, MicroLoan Foundation Director, Big Society Capital Limited
Tania Brisby	Member of the Financial Reporting Council's Tribunal Panels (under the FRC's Accountancy and Actuarial Schemes and the FRC's Auditor Regulatory Sanctions Procedure) General Manager and Director, Konstantin Hadjikalchev OOD, Sofia, Bulgaria
Davinder Dhillon	None
Michael Dunn	Non-Executive Director, Chair of ARC and Senior Independent Director (SID), London & Continental Railways plc Non-Executive Director and SID, Storm Property
Gurpreet Gujral	Global Director Customer Support, IKEA Group
Nigel Ingram	Director, Aurora Estates
Ian Johnson	Director, Norcote Consulting Ltd
Ofei Kwako-Akoto	Senior Legal Counsel, GLP Committee member, Junior Lawyers Group of the Black Solicitors Network
Grainia Long	Chief Executive, ISPC Ministerial appointee, Board of the Northern Ireland Human Rights Commission
Geeta Nanda, OBE	Board member, National Housing Federation Director, PRS REIT PLC Ambassador, World Child Cancer

<b>Name</b>	<b>Principal activities outside the Issuer</b>
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Ingrid Reynolds	Senior director, Savills UK housing division
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The business address of each of the above board members is Premier House, 52 London Road, Twickenham TW1 3RP.

There are no potential conflicts of interest between any duties to the Issuer of the board members of the Issuer and their private interests and/or duties.

### **Corporate Governance**

The focus of the Board is on the strategy for the Issuer and the MTVH Group. It also has responsibility for overseeing performance. Specific responsibilities are delegated to committees that have their own terms of reference. The major committees supporting the Board that meet on a quarterly basis are:

(a) Audit and Risk Committee:

The Audit and Risk Committee is responsible for ensuring that internal controls are adequate and effective, and that the organisation's approach to risk management is commensurate with risk appetite. The committee approves the internal audit plan and reviews internal audit findings. It considers significant issues relating to the financial statements, including the accounting policies. It also recommends the appointment of internal and external auditors to the Board.

(b) Customer Services Committee (**CSC**):

The CSC provides assurance to the Board on the MTVH Group's services to customers. The new customer governance structure links directly into the CSC via the Customer Council whose Chair is one of the three new resident CSC members. This direct link provides valuable customer insight. Strategic initiatives which impact on customers are considered by the CSC in advance of approval by the Board.

(c) Treasury Committee:

The Treasury Committee primarily provides an expert focus on the management of the MTVH Group's loans and investments portfolio, ensuring compliance with covenants and Golden Rules. It receives quarterly reporting demonstrating current and projected compliance on all key performance indicators.

(d) Development Committee:

The Development Committee has delegated authority to approve new developments and provides oversight and assurance in relation to new schemes, including any new or innovative proposals, and an understanding of funding mechanisms. Its remit also includes oversight and assurance of regeneration activity, the strategic asset management plan and key metrics for development finance and appraisal assumptions. It receives a detailed quarterly report on investment and development activity.

(e) Property Committee:

The newly constituted Property Committee provides governance oversight and assurance to the Board in relation to the MTVH Group's provision of building and compliance services. This

is critical in terms of commitments to customers and communities, and covers all building safety, reactive and planned maintenance, servicing and asset investment works.

(f) **Remuneration & Nomination Committee:**

The Remuneration and Nominations Committee (the **R&N Committee**) considers and recommends to the Board the appointment, remuneration of MTVH Group Board and committee members and the Chief Executive. The R&N Committee would also be responsible for removal of the same positions if required. The R&N Committee also provides assurance to the MTVH Group Board regarding the collective performance and effectiveness of the Board and its committees.

Day-to-day performance management is delegated to the Executive Team. The Executive Team comprises the following:

<b>Name</b>	<b>Principal activities outside the Issuer</b>
Geeta Nanda, OBE Chief Executive	Board member, National Housing Federation Director, PRS REIT PLC Ambassador, World Child Cancer
Ian Johnson Chief Financial Officer	Director, Norcote Consulting Ltd
Guy Burnett Executive Director, Development	Director, Opal
Mark Everard Executive Director, Property	None
Ann Gibbons Executive Director, Customer Services	None
Jane Long Executive Director, Corporate Services	None

The business address of each of the above Executive Team members is Premier House, 52 London Road, Twickenham TW1 3RP.

There are no potential conflicts of interest between any duties to the Issuer of the Executive Team members of the Issuer and their private interests and/or duties.

### **Share Capital and Major Shareholders**

The entire issued share capital of the Issuer comprises 11 shares of £1 each, all of which are fully paid up. Each share carries voting rights but no rights to dividends, distributions on winding up or rights of redemption.

### **Credit Rating**

The Issuer has a credit rating of "A" from Fitch which was most recently affirmed on 16 July and a credit rating of "A-" from S&P which was most recently affirmed on 18 December 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.

## Alternative Performance Measures

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

These measures are not recognised measures under the Accounting Standards, do not have standardised meanings prescribed by the Accounting Standards and should not be considered in isolation or construed to be alternatives to measures pursuant to the Accounting Standards including revenues, net income (loss) and comprehensive income (loss) for the period determined in accordance with the Accounting Standards. The Issuer'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 these Programme Admission Particulars 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 contained in the Financial Statements incorporated by reference in the section headed "*Documents Incorporated by Reference*" below and should be read in conjunction therewith.

In particular, the Issuer uses the financial measures (as defined below) set out in the table below to evaluate the business performance of the Issuer. References in the table below to "Financial Statements" shall have the meaning given to it in the section headed "*Documents Incorporated by Reference*" below.

For the purposes of the tables below:

- **Statement of Financial Position** means the statement of financial position set out in the Financial Statements;
- **SOCI** means the statement of comprehensive income set out in the Financial Statements;
- all references to specific line items taken from the Financial Statements are to the line items in respect of the MTVH Group; and
- all references to **Notes** are to the relevant note in the Financial Statements.

Financial Measure	Definition	Reconciliation
Turnover as % of growth	Turnover in current financial year divided by Turnover in previous financial year	"Turnover" is taken from the SOCI on page 70 of the Financial Statements
EBITDA as % of margin	EBITDA divided by Turnover	"EBITDA" is set out below  "Turnover" is taken from the SOCI on page 70 of the Financial Statements
EBITDA	Operating surplus plus Depreciation less Amortised grant	"Operating surplus" is taken from the SOCI on page 70 of the Financial Statements  "Depreciation" is set out below  "Amortised grant" is taken from Note 3 on page 84 of the Financial Statements
Depreciation and amortisation	Depreciation less Amortised grant	"Depreciation" is set out below

		"Amortised grant" is taken from Note 3 on page 84 of the Financial Statements
Depreciation	Tangible fixed assets – housing properties plus Other fixed assets plus Accelerated depreciation on component – tangible fixed assets plus Impairment	Each of "Tangible fixed assets – housing properties", "Other fixed assets", "Accelerated depreciation on components – tangible fixed assets" and "Impairment" are taken from Note 5 on page 87 of the Financial Statements
Depreciation and amortisation as % of turnover	Depreciation and amortisation divided by Turnover	"Depreciation and amortisation" is set out above  "Turnover" is taken from the SOCI on page 70 of the Financial Statements
Capitalised major repairs	Component replacements	"Component replacements" is taken from Note 12 on page 98 of the Financial Statements
EBITDA – capitalised repairs	EBITDA minus Capitalised major repairs	"EBITDA" is set out above  "Capitalised major repairs" is set out above
EBITDA – capitalised repairs as % of margin	EBITDA minus Capitalised major repairs divided by turnover	"EBITDA" is set out above  "Capitalised major repairs" is set out above  "Turnover" is taken from the SOCI on page 70 of the Financial Statements
Debt / EBITDA	Loans for the Group (Total) divided by EBITDA	"Loans for the Group (Total)" is taken from Note 23 on page 107 of the Financial Statements  "EBITDA" is set out above
EBITDA / interest	EBITDA divided by Interest and finance costs	"EBITDA" is set out above  "Interest and finance costs" is taken from the SOCI on page 70 of the Financial Statements
Social housing lettings interest cover EBITDA MRI	Adjusted social housing lettings divided by Gross interest minus EBITDA minus Capitalised major repairs	"Adjusted social housing lettings" is set out below  "Gross interest" is set out below  "EBITDA" is set out above  "Capitalised major repairs" is set out above
Adjusted social housing lettings	Surplus on social housing plus Interest receivable and related income plus Depreciation less Amortised grant less Capitalised major repairs	"Surplus on social housing" is taken from Note 3 on page 83 of the Financial Statements  "Interest receivable and related income" is taken from the total amount in Note 7 on page 88 of the Financial Statements  "Depreciation" is set out above  "Amortised grant" is taken from Note 3 on page 83 of the Financial Statements  "Capitalised major repairs" is set out above



Gross interest	Interest capitalised plus total interest and finance costs	<p>"Interest capitalised" is taken from Note 8 of page 89 of the Financial Statements</p> <p>"Interest and finance costs" is taken from the SOCI on page 70 of the Financial Statements</p>
Exposure to market sale as % of turnover	First tranche sales (Turnover) plus Development of properties for sale (Turnover) divided by Turnover	<p>"First tranche sales (Turnover) " is taken from Note 2a on page 80 of the Financial Statements</p> <p>"Development of properties for sale (Turnover)" is taken from Note 2a on page 80 of the Financial Statements</p> <p>"Turnover" is taken from the SOCI on page 70 of the Financial Statements</p>
Gross debt	Loans for the Group (Total) in plus Finance lease payments for the Group (Total) plus Loan set up costs	<p>"Loans for the Group (Total)" is taken from Note 23 on page 107 of the Financial Statements</p> <p>"Finance lease payments for the Group (Total)" is taken from Note 29 on page 116 of the Financial Statements</p> <p>"Loan set up costs" do not appear in the Financial Statements but are recorded as being £6.58 million for the financial year ended 31 March 2021</p>

## Description of the Social Housing Sector in England

### Regulation and the 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 Issuer. 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. On 17 November 2020, the UK Government released a Social Housing White Paper, which has the stated aim of delivering transformational change for social housing residents. A seven point Charter is proposed setting out what every social housing resident should be able to expect. Central to the above is the proposal for a strengthened Regulator which will be granted additional powers and in particular will be empowered to act more proactively on consumer regulation matters than under the current regulatory regime in force as at the date of these Programme Admission Particulars. Many of the proposals rely upon further legislation and consultation, so implementation is not expected to be immediate.

## **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.

The new 2021-26 Affordable Homes Programmes were launched earlier in 2021, making available £11.4 billion of new government grant to help fund the delivery of up to 130,000 new affordable homes across England, and 82,000 over the period in London. Around half of the new funding is for 'routes into home ownership' comprising shared ownership and rent-to-buy tenures, with the other half for rent.

Grant rates are expected to be higher in the new programmes, reflecting changes to the shared ownership model and a greater focus on social rents. Some of the new funding is expected to be allocated in longer-term, up-front settlements via 'Strategic Partnership' contracts with providers.

### **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.

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. A "*Policy Statement on Rents for Social Housing*" was issued by MHCLG on 26 February 2019 and confirmed the CPI plus 1 per cent. limit for five years from April 2020. A contemporaneous "*Direction to the Regulator*" was issued which prompted the Regulator to publish a new rent standard (incorporating the Policy Statement on Rents for Social Housing) that took effect from 1 April 2020.

### **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, which is now closed.

### **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 (**LHA**) (the **LHA Cap**). This was to take effect in England only from April 2019 with the key elements being:

- (a) the LHA Cap will apply to all tenants in supported and sheltered housing from April 2019;
- (b) housing cost will continue to be paid through the benefit system up to LHA level;
- (c) no Shared Accommodation Rate - one-bedroom LHA rate for under 35 year olds in supported housing;
- (d) local authority top-up, with ring-fenced funds transferred across from the DWP and allocated by the MHCLG;
- (e) the UK Government believes a different system needs to be worked out for short-term transitional services and it will consult on this; and
- (f) 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/MHCLG 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 would introduce a new sheltered rent for the sheltered housing and extra care sector from April 2020. This kept funding within the welfare system and acknowledged 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 of a "sheltered rent" and as a result there will be no cap on services charged in sheltered and extra care schemes.

### **Building Regulations Reform**

On 20 July 2020, the UK Government published the draft Building Safety Bill which seeks to legislatively address the recommendations from an independent review of building regulations and fire safety

following the Grenfell Tower fire in June 2017. It proposes fundamental reform of building safety requirements with the aim of ensuring that residents are safe in their homes. The draft Bill is currently subject to pre-legislative scrutiny and is not anticipated to come into force until Autumn 2021.

There is also significant secondary legislation and related guidance expected and therefore substantial details of the regime remain outstanding. The draft Bill covers all residential buildings, with an enhanced regulatory regime applying to "Higher-risk buildings" (being buildings that are 18 metres or above or are 6 storeys or above, whichever is reached first, and that meet a multi-dwelling test).

The draft bill includes:

- amendments to the Building Act 1984 to introduce a dutyholder regime; dutyholders will have clear responsibilities for safety throughout a building's design and construction and the introduction of the "Accountable Person" who will hold the responsibility for safety during the occupation phase;
- a new building safety charge regime as well as an obligation on residents to ensure they do not undermine the fire and structural safety for the building in which they live;
- various provisions to give residents a stronger voice in the system and to ensure their concerns are never ignored;
- the establishment of a new building safety regulator (the HSE) to provide oversight of the new building safety regulatory regime; and
- strengthened enforcement and sanctions to deter non-compliance with the new regime.

The proposals will affect many aspects of the business of a Registered Provider of Social Housing and in particular, the procurement, development, construction and management of existing and new build properties.

### **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 Note Trustee and the Security Trustee are each required to notify the Regulator of its intention to enforce the security created pursuant to the Note Trust Deed or the Security Trust Deed, as applicable, and cannot enforce its respective security during the resulting moratorium without the consent of the Regulator.

The Issuer 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

These Programme Admission Particulars should be read and construed in conjunction with:

- (a) the Issuer's audited annual consolidated 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 2021 and 31 March 2020 (together, the **Financial Statements**);
- (b) future audited annual financial statements of the Issuer;
- (c) future unaudited interim financial statements of the Issuer (if any); and
- (d) future inside information as required to be made public under Regulation (EU) No. 596/2016 on market abuse as it forms part of domestic law by virtue of the EUWA (as amended or superseded),

in the case of (b) to (d) (inclusive), as and when such future financial statements or inside information are published in accordance with the ISM Rulebook.

The Financial Statements and such future financial statements and inside information shall (in the case of future financial statements and inside information, upon publication) be incorporated in, and form part of, these Programme Admission Particulars, save that any statement contained in the Financial Statements shall be modified or superseded for the purposes of these Programme Admission Particulars 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 these Programme Admission Particulars.

Any documents themselves incorporated by reference in the documents incorporated by reference in these Programme Admission Particulars shall not form part of these Programme Admission Particulars. Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or otherwise covered elsewhere in these Programme Admission Particulars.

Copies of the Financial Statements and such future financial statements and inside information can be obtained from the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being in London. Documents will also be available for viewing on the Issuer's website at <https://www.mtvh.co.uk/about-us/investors/> and on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in these Programme Admission Particulars which is capable of affecting the assessment of any Notes, prepare a supplement to these Programme Admission Particulars or publish a new Programme Admission Particulars for use in connection with any subsequent issue of Notes.

## Valuation Report

### Numerical Apportionment Basis

Where the applicable Pricing Supplement states that a Series of Notes will be Secured Notes and that the Series Property Security is allocated on a Numerical Apportionment Basis, the Notes will be secured by, *inter alia*, an allocation of charged properties from a shared security pool (the **NAB Security**). On an ongoing basis, the Security Trustee will apportion such number of units of the NAB Security between all the NAB Beneficiaries (including the Series Secured Parties in respect of each Series of Secured Notes that has specified Numerical Apportionment Basis as being applicable) as is appropriate.

The following valuation report (the **Valuation Report**) therefore relates to the NAB Security, an appropriate part of which will be apportioned to secure the Secured Notes of each Series, such part as is required to enable the Issuer to satisfy the Asset Cover Test in respect of such Series.

The Valuation Report was prepared by Jones Lang LaSalle Limited, Registered Chartered Surveyors of 30 Warwick Street, London W1B 5NH. The Valuation Report is included in these Programme Admission Particulars, 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.

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

### Summary of valuations

A summary of the values of the NAB Charged 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	
1,206	£168,670,000	1,095	£175,460,000	<b>£344,130,000</b>

\* A further 105 Units have been attributed a nil value.

### Initial Charged Properties

The applicable Pricing Supplement in respect of each Series of Secured Notes in respect of which Numerical Apportionment Basis has been specified to be applicable in the applicable Pricing Supplement, shall specify the number of units in respect of the Charged Properties to be initially apportioned to the Issuer in respect of such Series of Secured Notes as at the Issue Date of such Series of Secured Notes.

### Specific Apportionment Basis

Where the applicable Pricing Supplement states that a Series of Notes will be Secured Notes and that the Series Property Security in respect of such Series of Secured Notes is allocated on a Specific Apportionment Basis, the relevant valuation report will be set out in a drawdown admission particulars, or (if permitted by the London Stock Exchange) a supplement to these Programme Admission Particulars, in respect of such Series of Secured Notes.

*Jones Lang LaSalle*

# *Valuation Advisory*

**Portfolio: 2,406 Affordable Housing units owned by Metropolitan Housing Trust Limited**

**July | 2021**



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# Appendices

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The Law Debenture Trust Corporation p.l.c. as Bond Trustee and Security Trustee  
8th Floor  
100 Bishopsgate  
London EC2N 4AG

Metropolitan Housing Trust Limited as Issuer  
The Grange  
100 High Street  
London N14 6PW

Barclays Bank PLC as a Dealer  
5 The North Colonnade  
Canary Wharf  
London E14 4BB

BNP Paribas as a Dealer  
16, boulevard des Italiens  
75009 Paris  
France

HSBC Bank plc as a Dealer  
8 Canada Square  
London E14 5HQ

Lloyds Bank Corporate Markets plc as a Dealer  
10 Gresham Street  
London EC2V 7AE

National Australia Bank Limited as a Dealer  
(ABN 12 004 044 937)  
52 Lime Street  
London EC3M 7AF

NatWest Markets Plc as a Dealer  
250 Bishopsgate  
London EC2M 4AA

and any further dealers appointed from time to time under the Programme Agreement in respect of the Programme (as defined below)

16 July 2021

Job Ref: SM/FH/JM

Dear Sirs

## **2,406 Affordable Housing units owned by Metropolitan Housing Trust Limited**

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We are pleased to attach our Report in connection with the above.

This Report is issued for the benefit and use of the Addressees and for inclusion in the programme admission particulars (the "Programme Admission Particulars") for the £2,000,000,000 Note Programme (the "Programme") of Metropolitan Housing Trust Limited and may only be used in connection with the Programme Admission Particulars and the Programme. We hereby give our consent to the publication of this Report within the Programme Admission Particulars and accept responsibility for the information contained in this Report.

Having taken all reasonable care to ensure that such is the case, the information given in this Report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Before this Report or any part of it is reproduced or referred to in any document, circular or statement (other than the Programme Admission Particulars in respect of the Programme), our written approval as to the form and context of such publication must be obtained.

Yours faithfully



**Shuab Mirza MRICS**  
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**For and on behalf of**  
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Yours faithfully



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Yours faithfully



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# Executive Summary

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This summary should be read in conjunction with the main body of our Report. Section numbers are supplied where relevant.

## Introduction

The date of this Report is 16 July 2021.

Jones Lang LaSalle Limited has been instructed to value a portfolio of 2,406 properties for loan security purposes.

## Properties

The portfolio comprises 2,301 social housing units located across 5 designated national regions of Greater London, East of England, South East, East Midlands, and Yorkshire and the Humber.

The portfolio contains a mixture of different tenures as summarised in the table overleaf and set out in greater detail in section 3 of this Report.

In addition, there are 52 units in the portfolio which form ancillary accommodation, have been sold on long leases or fully staircased. The Issuer's interest in the properties is considered to be de minimis for the purpose of this exercise and so these properties have been included at nil value. Furthermore, there are 53 units from the scheme at Market Street and Garfield Road in Addlestone, where the fire safety disclosures are such that at this particular juncture we feel the most prudent approach would be to allocate nil values (though retaining these units within the overall portfolio). Please note that these properties have not been included in any unit counts or other statistics in this Report.

We have inspected the exterior of all properties in the portfolio but, as agreed, due to restrictions on movement put in place to combat the spread of Novel Coronavirus (COVID-19), we have not carried out internal inspections of this stock as at the date of issue of this report (section 2).

## Valuations

The effective date of valuation is 16 July 2021.

Our valuation of the 1,206 properties being valued on the basis of Existing Use Value for Social Housing ("EUV-SH"), in aggregate, at the valuation date is:

**£168,670,000**  
**(one hundred and sixty-eight million, six hundred and seventy thousand pounds)**

Our valuation of the 1,095 properties being valued on the basis of Market Value subject to Tenancies ("MV-T"), in aggregate, at the valuation date is:

**£175,460,000**  
**(one hundred and seventy-five million, four hundred and sixty thousand pounds)**

The following tables summarise our opinions of value (section 6):

**Total Portfolio**

Category	Unit Count	Basis of Value	EUV-SH	MV-T
General Needs	275	EUV-SH	£26,850,000	-
Sheltered and Supported	53	EUV-SH	£3,730,000	-
Affordable Rent	186	EUV-SH	£26,520,000	-
Intermediate and Sub-Market Rent	4	EUV-SH	£320,000	-
Shared Ownership	688	EUV-SH	£111,250,000	-
General Needs	834	MV-T	-	£128,150,000
Sheltered and Supported	122	MV-T	-	£12,820,000
Affordable Rent	139	MV-T	-	£34,490,000
<b>Total</b>	<b>2,301</b>		<b>£168,670,000</b>	<b>£175,460,000</b>

**Freehold Properties**

Category	Unit Count	Basis of Value	EUV-SH	MV-T
General Needs	233	EUV-SH	£22,350,000	-
Sheltered and Supported	53	EUV-SH	£3,730,000	-
Affordable Rent	81	EUV-SH	£10,710,000	-
Intermediate and Sub-Market Rent	4	EUV-SH	£320,000	-
Shared Ownership	369	EUV-SH	£51,410,000	-
General Needs	797	MV-T	-	£122,760,000
Sheltered and Supported	109	MV-T	-	£10,310,000
Affordable Rent	120	MV-T	-	£29,210,000
<b>Total</b>	<b>1,766</b>		<b>£88,520,000</b>	<b>£162,280,000</b>

**Leasehold Properties**

Category	Unit Count	Basis of Value	EUV-SH	MV-T
General Needs	42	EUV-SH	£4,500,000	-
Affordable Rent	105	EUV-SH	£15,810,000	-
Shared Ownership	319	EUV-SH	£59,840,000	-
General Needs	37	MV-T	-	£5,380,000
Sheltered and Supported	13	MV-T	-	£2,510,000
Affordable Rent	19	MV-T	-	£5,290,000
<b>Total</b>	<b>535</b>		<b>£80,150,000</b>	<b>£13,180,000</b>

## Portfolio Analysis

### Strengths:

- given the divergence between property prices and local average earnings, demand for these properties should be sustainable in the medium to long-term;
- the level of rental income for all areas is broadly in line with other Registered Providers (“RPs”) in the respective areas;
- the level of rental income is, in aggregate, below the relevant levels of Local Housing Allowance (LHA) for each region;
- the EUV-SH and MV-T values per unit and percentage relationships to MV-VP, are at levels appropriate to the current climate, having regard to the portfolio’s location and composition;
- we have made conservative assumptions with regard to the respective rent and sales contributions to the valuations of the shared ownership units and they are not overly dependent on proceeds from sales;
- there are currently 244,000 households on local authority waiting lists across Greater London (where the portfolio dominates);
- based on current levels of affordable housing supply (new build) across the same region, there are 44 households on the waiting list for every new property being built; and
- EUV-SH values are likely to maintain their current levels as stock transactions within the sector and access to debt markets continue to take place, albeit with more hesitancy due to market fluctuations.

### Weaknesses:

- the age of the properties mean they require continued investment in order to be able to maintain the same level of rental income in the long term; and
- there are short-term risks for RPs’ income not supported by housing benefit and a greater number of voids and arrears.

### Opportunities:

- increased efficiencies are continuing to be driven by mergers between RPs;
- rationalisation of RPs’ stock allowing for more efficient asset management;
- investment of REITs and other funds into the sector as whole;
- the temporary stamp duty tax cut on purchases and pent-up demand has fuelled a strong return in terms of mortgage approvals, sales and lettings volumes; and
- reactive changes to working conditions and government policy could drive further efficiencies in the sector and wider economy in the longer-term.

### Threats:

- changes in government policy such as a further period of rent cuts or changing the Rent Regime to CPI only;

- whilst the Coronavirus Job Retention (Furlough) Scheme (CJRS) has been extended until 30 September 2021, it is not yet known what impact this will have on the economy and, coupled with the end of the extension of the stamp duty holiday, what effect these will have on the housing market;
- net zero carbon targets could result in a requirement for additional investment in housing stock;
- as a result of the Hackitt Review and other influences, the social housing sector is undertaking extensive investigations and works around fire and building safety, and the required scope of such works might change over time; and
- sharp increase in the cost of materials and labour to carry out any repairs and maintenance work on existing stock and meet development plans, depending on the terms of Brexit.

## Suitability of Security

Your instructions require us to comment on whether the properties we have valued provide adequate security for secured notes issued under the Programme.

It is difficult for any valuer, without being asked to consider a specific credit or risk assessment policy, to make an absolute, unqualified statement that those assets will provide suitable security because our instructions do not explain what criteria the Security Trustee is applying in making this assessment.

However we confirm that, in our opinion, should the Security Trustee become a mortgagee in possession of this portfolio of properties, then it would be possible to achieve a sale to another RP that would be at a price at least equivalent to our valuation on the basis of EUV-SH or, in principle, to a private purchaser at a price equivalent to our valuation on the basis of MV-T as set out in our Report. However, the valuation assumes implicitly that a purchaser could obtain debt finance on commercially viable terms to facilitate a purchase of the portfolio.

Based on our inspections, we are satisfied that the properties are being maintained to an acceptable social housing standard, in line with the Regulator of Social Housing ("RSH") regulatory requirements and commensurate with the likely demands of the target tenant group.

Overall, we have assumed that each property has a useful economic life of at least 50 years provided that the properties continue to be properly maintained in the future.

We have detailed at section 3.4 our findings in relation to schemes and blocks either of 6 storeys or above, or where potential combustible materials might be present, and we have also summarised how this has been dealt with in our valuations. We have assumed that the properties conform to the Fire Precaution Regulations and any other statutory requirements.

Our inspections are for valuation purposes only and carried out on an external basis only, therefore we cannot confirm whether invasive vegetation has been or is present on the site, our valuation assumes that none exists within the demise or proximity of any of the properties.

With the above factors in mind, and with specific regard to the continuing need for well-maintained social housing accommodation, we believe it reasonable to conclude an acceptable demand for a portfolio of this nature from commensurate social housing landlords and private institutional investment firms.

Subject to the information presented within this Report, and at the values formally reported, we are satisfied to recommend to the Security Trustee that this portfolio is suitable for security purposes.

## Stock

The stock is summarised by count of unit type for each business stream as follows:

Property Type	General Needs	Sheltered and Supported	Affordable Rent	Intermediate and Sub-Market Rent	Shared Ownership	Total
Room	-	29	-	-	-	29
Studio flat	9	-	-	-	-	9
1 bed flat	274	99	71	-	164	608
2 bed flat	216	15	122	-	242	595
3 bed flat	30	-	42	-	44	116
4 bed flat	1	2	-	-	-	3
5 bed flat	-	-	-	-	-	-
1 bed house	41	3	-	-	-	44
2 bed house	249	12	48	2	82	393
3 bed house	237	6	19	2	129	393
4 bed house	29	-	9	-	23	61
5 bed house	1	-	-	-	-	1
1 bed bungalow	7	-	-	-	-	7
2 bed bungalow	11	9	10	-	4	34
3 bed bungalow	4	-	4	-	-	8
<b>Total</b>	<b>1,109</b>	<b>175</b>	<b>325</b>	<b>4</b>	<b>688</b>	<b>2,301</b>

## Assumptions: Rented Properties

The following table provides a summary of the assumptions made in our rented valuations:

Assumption	EUV-SH	MV-T
Rental income growth - houses (Year 1)	1.0%	21.6% - 28.4%
Rental income growth - flats (Year 1)	1.0%	17.5% - 29.2%
Sales rate (houses)	N/A	4.5% - 50.0%
Sales rate (flats)	N/A	4.5% - 50.0%
Bad debts and voids (Year 1)	1.5% - 4.0%	7.8% - 9.5%
Management costs	£550 - £750	8.0% of gross income
Management cost growth inflator	0.5%	N/A
Total repairs costs (Year 1)	£875 - £1,525	£1,300 - £3,675
Repair cost growth inflator	0.5%	0.5%

Assumption	EUV-SH	MV-T
Discount rate (income)	5.0% - 6.5%	7.0% - 7.9%
Discount rate (sales)	N/A	9.0% - 9.8%

## Assumptions: Shared Ownership

The following table provides a summary of the assumptions made in our shared ownership valuation:

Assumption	EUV-SH
Discount rate (income)	4.75%
Discount rate (sales)	7.25%
Management Costs	2.5% of gross income
Sales rate (Yrs. 0-2)	15 tranche sales p.a.
Sales rate (Yrs. 3-10)	20 tranche sales p.a.
Sales rate (Yrs. 11-39)	10 tranche sales p.a.
Sales rate (Yrs. 40-50)	5 tranche sales p.a.
Rental growth (all years)	0.5%

**This summary should be read in conjunction with the remainder of the valuation Report and must not be relied upon in isolation.**

# 1 Introduction

---

## 1.1 Background

Jones Lang LaSalle Limited ("JLL") has been instructed to prepare a valuation of 2,301 properties ("the Portfolio") owned by the Issuer.

## 1.2 Compliance

Our valuations have been prepared in accordance with the current RICS Valuation – Global Standards, incorporating the IVS, effective from 31 January 2020, and the RICS Valuation – Global Standards – UK National Supplement, effective from 14 January 2019, published by the Royal Institution of Chartered Surveyors (commonly known as the "Red Book").

Our valuations may be subject to monitoring by the RICS and have been undertaken by currently Registered RICS Valuers.

This report has been prepared by Shuab Mirza MRICS (Valuer No: 0103367) and countersigned by Fiona Hollingworth MRICS (Valuer Number: 0099707) and James Massey (Valuer Number: 5036140), both Directors in the Affordable Housing team of JLL.

In accordance with PS 2.3 of the Red Book, we confirm that we have sufficient knowledge and skills to undertake this valuation competently.

We can confirm that no conflict of interest has occurred as a result of our production of this Report.

The effective date of valuation is 16 July 2021.

For the avoidance of doubt, we confirm that it would not be appropriate or possible to compare this valuation with any values appearing in the Issuer's accounts. This Report has been prepared in accordance with the Red Book. The valuations are prepared on this basis so that we can determine the value recoverable if the charges over the properties were enforced at the date of this Report. We understand that values given in the Issuer's accounts are prepared on an historic cost basis which considers how much the properties have cost and will continue to cost the Issuer. This is an entirely different basis of valuation from that used for loan security purposes.

This valuation qualifies as a Regulated Purpose Valuation ("RPV") as defined by the Red Book. A RPV is a valuation which is intended for the information of third parties in addition to the Addressees. It is a requirement of UKVS 4.3 of the Red Book in relation to disclosures that we declare our prior involvement with the Issuer, or the properties being valued, to ensure that there is no conflict of interest.

We confirm that the total fee income earned from the Issuer is substantially less than 5% of the fee income earned by JLL in our last financial year (ending 31 December 2020) and that we do not anticipate this situation changing in the foreseeable future.

## 1.3 Instructions

Our Report is prepared in accordance with the Issuer's formal instructions.

We have been instructed to prepare our valuations on the following bases:

- Existing Use Value for Social Housing (“EUV-SH”); and
- Market Value subject to existing Tenancies (“MV-T”).

Please note that the properties that have been valued on the basis of MV-T have also been valued on the basis of EUV-SH, for information purposes only.

## 1.4 Status of Valuer

In preparing this Report, we confirm that JLL is acting as an external valuer as defined in the Red Book. We can also confirm that we consider ourselves to be independent for the purposes of this instruction.

In accordance with RICS guidance, and our own rotation policy, we recommend that a rotation of overall responsibility within JLL is considered no later than the end of 2026.

## 1.5 Outbreak of Novel Coronavirus (COVID – 19)

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and “lockdowns” applied to varying degrees. Whilst restrictions have now been lifted in some cases, local lockdowns may continue to be deployed as necessary and the emergence of significant further outbreaks or a “second wave” is possible.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to ‘material valuation uncertainty’ as defined by VPS3 and VPGA 10 of the RICS Valuation, Global Standards.

## 1.6 The Stock Rationalisation Market – EUV-SH Transactions

As you will be aware, an active market exists for the sale of tenanted stock between RPs. This can be driven by strategic decisions about the type and location of accommodation that RPs wish to provide, and the viability of investing in properties to bring them up to the required standards.

Where competition is generated, a market has emerged in which RPs bid against one another on price. The resulting values, even though presented on an EUV-SH basis, tend to be in excess of base EUV-SH values that might be expected for balance sheet or loan security purposes.

Although this may appear hard to justify, the underlying rationale is as follows:

- the bidding price is still much less than the cost of development;
- the marginal cost of taking additional units into management, in an area where the acquiring RP already has stock, justifies a financial model based on relatively low costs for management, repairs and maintenance;



- the judgement of all-round risk formed by the acquiring RP, as reflected in the discount rate, is often lower (and the rate therefore keener) than would be acceptable to either a funder or an auditor in a balance sheet context;
- the price is worth paying to achieve strategic objectives around increasing a presence in a particular area or market; and/or
- the price may be supported by future void sales and/or changes of tenure (for example, from Social Rent to Affordable Rent).

## 1.7 Deregulatory Measures

A package of deregulatory measures for which the primary legislation was the Housing & Planning Act 2016 came into force on 6 April 2017. These are very significant for the UK social housing sector, as they give RPs greater freedom in terms of commercial decision making than they have ever previously enjoyed in terms of the reduced ability of the regulator to prevent asset management actions.

The deregulatory measures introduced give RPs the freedom to dispose of assets without the regulator's consent, either with or without tenants in place. Disposals include the grant of leases and the creation of charges when assets are pledged as security for loan security purposes.

There are already early signs that these measures are having an effect on RPs' thinking, and on their business plans, as they begin to adopt a more commercial approach to asset management as one of the tools at their disposal to respond to the greater financial pressures and expectations upon them. For example, through our day to day work, we are beginning to see more analytical requirements in terms of asset management decisions, around investment, remodelling and sale; and an element of sales being built into some stock rationalisation bids.

To be clear this does not mean that RPs are in any way sacrificing their fundamental social ethos. Rather, it is a recognition that, as for any charitable organisation, making best use of its assets to enable it to meet its charitable objectives is an obligation rather than an option; and that commercial behaviour is not at all incompatible with a strong social ethos, within a framework of strong governance.

As mentioned, some RPs are steadily starting to build in an element of void sales into some stock rationalisation bids, however in accordance with our instructions, we have not considered or built in any rate for sales of void properties within our EUV-SH valuations.

## 2 Methodology

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### 2.1 Valuation Model

We have undertaken our valuation of the Portfolio using fully explicit discounted cashflow models, over a 50-year period, with the net income in the final year capitalised into perpetuity.

For the purposes of our valuation, we have split this Portfolio by tenure in order to reflect the different risks and opportunities associated with each business stream. We have further split the Portfolio geographically by region to reflect the different markets in which the properties are located and the associated risks and opportunities.

In accordance with section 1.6, whilst we recognise that there is a growing active market for the sale of tenanted stock between RPs, we have not split the Portfolio into 'lots' to reflect this and have, in accordance with our instructions, valued the properties as a single portfolio.

Against the income receivable for each Portfolio, we have made allowances for voids and bad debts; the costs of management and administration; major repairs; cyclical maintenance; day-to-day repairs; and for future staircasing (where applicable). We have assumed an appropriate level of future growth in these costs (expenditure inflation).

We have then discounted the resulting net income stream at an appropriate rate which reflects our judgement of the overall level of risk associated with the long-term income. A more detailed explanation of the discount rate is included in section 4.

### 2.2 Information Provided

The principal source of background data for the Portfolio has been the rent roll for each property provided by the Issuer. This detailed the number and type of units, the rent payable, tenancy type, and equity retained by the Issuer (where applicable).

This information was supplemented with our market research and other data we have gathered from similar instructions undertaken recently and involving comparable stock. From these sources we have collated information on the following:

- rents;
- bad debts, voids and arrears;
- cost of maintenance and repairs; and
- management and administration expenses.

A location plan of the Portfolio is provided as Appendix 2.

### 2.3 Inspections

We have inspected the exterior of all properties in the portfolio but, as agreed, due to restrictions on movement put in place to combat the spread of Novel Coronavirus (COVID-19), we have not carried out internal inspections of this stock as at the date of issue of this report. Our inspections were carried out between 26 April and 2 July 2021.

A representative selection of photographs is provided as Appendix 3.

## 2.4 Market Research

In arriving at our valuation, we have undertaken a comprehensive programme of research to supplement our knowledge and understanding of the properties. This has included:

- researching local vacant possession values through conversations with local estate agents together with internet research and using RightmovePlus, a bespoke tool for comparable evidence;
- examining local benchmark affordable rents and comparing these with the Issuer's rents; and
- analysing data provided by the Issuer.

## 3 General Commentary

Schedules summarising the following data for each property within the Portfolio form Appendix 1 of this Report:

- address;
- unit type;
- title number; and
- tenure.

### 3.1 Locations

The properties within the Portfolio are located across 51 London Boroughs, Outer London Councils, District and County Councils, covering 5 designated national regions as shown in the table below:

Location	General Needs	Sheltered and Supported	Affordable Rent	Intermediate and Sub-Market Rent	Shared Ownership	Total
Greater London	344	48	148	-	347	887
South East	127	-	118	-	292	537
East of England	254	24	23	4	26	331
East Midlands	384	100	36	-	23	543
Yorkshire and the Humber	-	3	-	-	-	3
<b>Total</b>	<b>1,109</b>	<b>175</b>	<b>325</b>	<b>4</b>	<b>688</b>	<b>2,301</b>

A location plan of the Portfolio is provided at Appendix 2.

### 3.2 Property Types

The following table summarises the different property types within the Portfolio:

Property Type	General Needs	Sheltered and Supported	Affordable Rent	Intermediate and Sub-Market Rent	Shared Ownership	Total
Room	-	29	-	-	-	29
Studio flat	9	-	-	-	-	9
1 bed flat	274	99	71	-	164	608
2 bed flat	216	15	122	-	242	595
3 bed flat	30	-	42	-	44	116
4 bed flat	1	2	-	-	-	3
5 bed flat	-	-	-	-	-	-
1 bed house	41	3	-	-	-	44
2 bed house	249	12	48	2	82	393

Property Type	General Needs	Sheltered and Supported	Affordable Rent	Intermediate and Sub-Market Rent	Shared Ownership	Total
3 bed house	237	6	19	2	129	<b>393</b>
4 bed house	29	-	9	-	23	<b>61</b>
5 bed house	1	-	-	-	-	<b>1</b>
1 bed bungalow	7	-	-	-	-	<b>7</b>
2 bed bungalow	11	9	10	-	4	<b>34</b>
3 bed bungalow	4	-	4	-	-	<b>8</b>
<b>Total</b>	<b>1,109</b>	<b>175</b>	<b>325</b>	<b>4</b>	<b>688</b>	<b>2,301</b>

### 3.3 Condition

We have not carried out a condition survey, this being outside the scope of our instructions.

The properties within the Portfolio are a mixture of ages as shown in the table below:

Age	Houses	Flats	Bungalows	Rooms	Total
Pre-1919	67	104	-	13	<b>184</b>
1920-1949	10	18	-	5	<b>33</b>
1950-1979	93	146	2	-	<b>241</b>
1980s	31	132	4	-	<b>167</b>
1990s	216	69	14	10	<b>309</b>
2000s	122	64	9	1	<b>196</b>
Post-2010	353	798	20	-	<b>1,171</b>
<b>Total</b>	<b>892</b>	<b>1,331</b>	<b>49</b>	<b>29</b>	<b>2,301</b>

The property ages and construction methodology have been factored into the assumptions we have made regarding voids, discount rates and repairs and maintenance.

Based on our inspections, we are satisfied that the properties we inspected internally, are being maintained to an acceptable social housing standard, in line with RSH regulatory requirements and commensurate with the likely demands of the target tenant group.

Overall, we have assumed that each property has a useful economic life of at least 50 years provided that the properties continue to be properly maintained in the future.

### 3.4 Fire Safety

Our valuations have been provided in accordance with the RICS' Guidance Note: "*Valuation of properties in multi-storey, multi-occupancy residential buildings with cladding, 1st Edition March 2021*" (the 'Guidance Note'), effective from 5 April 2021.

The purpose of the Guidance Note is to help valuers undertaking valuations of domestic residential blocks of flats in the UK for secure lending purposes. It sets out criteria for buildings of different heights that can be used to identify where possible remediation work to cladding for fire safety purposes is likely to be required and may materially affect the value of the property.

From information provided to us by the Issuer and our inspections, there are 8 blocks of 6 storeys or above in the portfolio, as set out below, and 5 further blocks encountered during our inspections, where we have queried the construction of the external wall system and whether potentially combustible cladding or timber balconies are present. We understand that Fire Risk Assessments have been commissioned and carried out at all of these blocks. From the information provided and following discussion with our Building Consultancy Department, we have included remedial cost estimates for work still to be completed and where felt to be appropriate, or made cashflow adjustments to reflect any additional risk.

There is one scheme at Market Street and Garfield Road in Addlestone, where we have felt that due to insufficient details of the remedial programme and the associated costs, the most appropriate action at this juncture is to not allocate value to these units (though retain them in the portfolio at nil value pending the Issuer's provision of this data).

The blocks in question are set out below:

Scheme	Units	Age	Storeys	Repairs and Cost
2B & 2C Cavendish Road, London, SW19 2FL	45	Post-2010	7	N/A
Westminster Mansions, Sullivan Road, Camberley, Surrey GU15 3BF	18	Post-2010	5	N/A
5 & 7 Purbeck Gardens, Bromley, London SE26 5FG	64	Post-2010	6	N/A
Butler Court, Hyde Lane, London SW11 3EX	11	Post-2010	4	N/A
5 Oakhill Road, London, SW15 2FJ	8	Post-2010	5	N/A
District Court, 26 Commercial Road, London E1 1FE	23	Post-2010	24	N/A
Blakeney Tower, 12 Buckle Street, London E1 8QJ and E1 8QL	105	Post-2010	24	N/A
802 Wiverton Tower, 4 New Drum Street, London E1 7AS	21	Post-2010	28	N/A
Bank Court, 58 Shernhall Street, London E17 9HW	25	Post-2010	4	N/A
Maybery & Wollett House, Sopwith Drive, Farnborough, Hampshire GU14 6GP	28	Post-2010	4	Allocate £5,000 per unit deductions from valuation
Queens House, 6 Holly Road, Twickenham, London TW1 4EG	29	Post-2010	8	Allocate £10,000 per unit per unit deductions from valuation

Scheme	Units	Age	Storeys	Repairs and Cost
Newchapel House, Market Street, Addlestone, Surrey KT15 2FZ	18	Post-2010	6	Nil Value block
Dunsfold and Witley House, Garfield Road, Addlestone, Surrey KT15 2GA and KT15 2GF	35	Post-2010	6	Nil Value block

We have not been provided with any EWS1 certificates and recommend that the Issuer obtain them for all applicable blocks as soon as it is commercially viable.

## 4 Valuation Commentary – Rented Stock

### 4.1 Introduction

There are 1,613 rented properties in the Portfolio. The rented properties within the Portfolio are a mixture of general needs, sheltered and supported, Affordable Rent, intermediate and sub-market rent properties.

### 4.2 Tenancies

The majority of the properties (94.7%) are let on assured tenancies. We have assumed that these are ‘standard’ assured tenancies although we have not seen example tenancy agreements. The remaining 86 units are let on secure tenancies.

### 4.3 Rental Income

The following table summarises the total income that the Issuer receives from the Portfolio annually:

Business Stream	Units	Annual Income	Average Rent
General Needs	1,109	£6,291,412	£109.10
Sheltered and Supported	175	£936,332	£102.89
Affordable Rent	325	£2,813,683	£166.49
Intermediate and Sub-Market Rent	4	£24,586	£118.20
<b>Total</b>	<b>1,613</b>	<b>£10,066,014</b>	<b>£120.01</b>

The Statistical Data Return (“SDR”) is an annual online survey completed by all private RPs of social housing in England. The latest return for 2018/19 provides the average social rents charged by all RPs for general needs and sheltered/supported properties. The following table compares the Issuer’s average rents with the average sector rents in the same localities:

Size	Average Sector Rent General Needs	The Issuer General Needs	Average Sector Rent Sheltered and Supported	The Issuer Sheltered and Supported
0 bedrooms	£94.81	£90.35	£106.68	£93.12
1 bedrooms	£89.53	£96.59	£105.89	£100.79
2 bedrooms	£107.40	£109.81	£104.96	£109.23
3 bedrooms	£115.63	£120.72	£102.84	£123.86
4 bedrooms	£128.93	£130.94	£167.77	£175.12
5 bedrooms	£132.22	£163.31	-	-
<b>Average</b>	<b>£104.72</b>	<b>£109.10</b>	<b>£106.43</b>	<b>£102.89</b>



According to the Valuation Office Agency, LHA is set at the 30th centile point between what in the local Rent Officer's opinion are the highest and lowest non-exceptional rents in a given Broad Rental Market Area. This analysis looks at local properties and differentiates by bedroom number but not by property type (i.e. houses and flats). These statistics are used as a reference for housing benefit and are a good indication of rent levels which are affordable in a given area.

The following table sets out a comparison of the Issuer's average rents with the average LHA in the Portfolio and also our opinion of Market Rents for comparable properties in the same areas (rents are shown on the basis of 52 weeks).

Property Type	Average Passing Rent	Average LHA	Average Market Rents	% of LHA	% of Market Rent
0 bedrooms	£92.46	£219.70	£130.41	42%	71%
1 bedrooms	£106.54	£166.79	£202.86	64%	53%
2 bedrooms	£122.97	£209.81	£253.42	59%	49%
3 bedrooms	£133.29	£238.48	£287.81	56%	46%
4 bedrooms	£142.76	£293.90	£344.35	49%	41%
5 bedrooms	£163.31	£299.18	£328.85	55%	50%

We are unable to verify the accuracy of the rent roll provided to us by the Issuer.

#### 4.4 Affordability

In addition, we have looked at the passing rents as a proportion of local net weekly earnings as reported by the Office of National Statistics in its 2020 Annual Survey of Hours and Earnings. The results for each region are shown in the table below and, in our opinion, demonstrate that the rents being charged by the Issuer are affordable.

Region	Average Weekly Earnings	General Needs	As %age	Sheltered and Supported	As %age	Affordable Rent	As %age
Greater London	£616.12	£116.47	19%	£124.68	20%	£177.29	29%
South East	£466.65	£139.41	30%	-	-	£177.14	38%
East of England	£432.37	£109.80	25%	£103.95	24%	£147.84	34%
East Midlands	£428.60	£92.01	21%	£93.10	22%	£99.09	23%
Yorkshire and the Humber	£418.25	-	-	£72.09	17%	-	-

#### 4.5 EUV-SH Rental Growth

We have modelled rental growth of CPI plus 1% in our EUV-SH valuation models into perpetuity.

## 4.6 MV-T Rental Growth

Passing rents are currently below market levels, resulting in good prospects for future rental growth when considering the market value of the Portfolio.

We have assumed that it will take between 1 and 4 years for assured rents to increase to market levels and thereafter for rents to rise at 1% (real) per annum. In making our assumptions regarding the number of years and annual increases, we have had regard to typical gross and net yields on private residential portfolios of a similar age profile and in comparable locations.

The average increases we have modelled per year for houses and flats in each of our valuations range from 17.5% to 29.2%.

## 4.7 Relet Rates

Our EUV-SH model allows for a rate at which secure tenancies are relet as assured tenancies. The annual rates of tenancy turnover experienced by housing associations vary considerably between localities and between different property types. In regard to assured tenancies, national turnover rates are typically within the range of 5.0% to 11.0%, with higher rates of turnover in the North than in the South.

We have adopted rates of between 2.8% and 5.0% (houses) and 4.8% and 7.0% (flats) and have assumed that those properties will be relet at the prevailing average target rent. In addition, we have included an allowance for incidental voids as outlined in section 4.11.

## 4.8 Sales Rates

In accordance with section 1.6, we have not included the sale of any void units under the deregulatory measures introduced by the Housing and Planning Act 2016 in any of our EUV-SH valuations.

In our MV-T cashflows we have assumed that some of the units which become void are sold on the open market. In establishing the sales rates, we have had regard to Land Registry's information on the number of sales and average prices over the past 12 months.

The average sales rates we have applied per annum for houses and flats are shown in the table below:

Valuation Category	Annual Sales (Houses)	Annual Sales (Flats)
General Needs	4.5% - 15.0%	4.5% - 20.0%
Sheltered and Supported	8.8% - 8.8%	5.0% - 50.0%
Affordable Rent	10.0% - 50.0%	10.0% - 50.0%

This equates to 34 flat sales and 37 house sales in the first year and 894 sales in total over 50 years. This, in our view, is a sustainable level of sales which would not adversely impact local house prices or marketability.

## 4.9 Right to Buy

We anticipate that the tenants of some of the properties within the portfolio may have either the Right to Buy (“RTB”) or the Right to Acquire (“RTA”). The National Housing Federation (“NHF”) put an offer to Government in September 2015 in which it proposed the implementation of an extended RTB on a voluntary basis. The Voluntary Right to Buy (“VRtB”) was described as a compromise with a view to securing the independence of housing associations and the best deal on compensation (for discounts) and flexibilities (the ability to refuse the VRtB in relation to certain properties).

The Government has funded two regional pilot schemes of VRtB for housing association tenants. The initial pilot scheme in 2016, involved five housing associations and was expected to offer 3,000 tenants the ability to buy their own home. A second pilot scheme across the Midlands ran for a period of two years from August 2018, aimed at testing two aspects of the voluntary agreement that the initial pilot scheme did not cover, namely:

- one-for-one replacement; and
- portability of discounts.

A full evaluation of the second pilot was published in February 2021. There were 44 housing associations involved in the pilot, resulting in a total of 1,892 homes being sold or sales in the final stages of completion by 30 April 2020. Data on the construction of replacement homes will be updated on an annual basis.

The government will now evaluate new pilot areas and announce more details in due course.

The wider terms of the overall extension of RTB and therefore any consideration of the impact of RTB or RTA on valuations would be speculative. We consider it imprudent to reflect additional value from capital receipts and we have therefore assumed that neither RTB nor RTA will be available to exercise at the date of valuation.

## 4.10 Outgoings

In forming our opinion of the net rental income generated by the Portfolio, we have considered the following outgoings:

- bad debts, voids and arrears;
- cost of maintenance and repairs; and
- management and administration expenses.

We emphasise that, under the definitions of the bases of valuation we have been instructed to adopt, we are not valuing the Issuer’s stewardship of the stock, rather we are assessing what a hypothetical purchaser in the market would pay for the stock, based on the market’s judgement of the capabilities of the Portfolio.

The assumptions we have made in our appraisal reflect our opinion of the view the market would adopt on the future performance of the Portfolio. In forming our opinion, we have had regard to other recent valuations we have undertaken of comparable stock.

## 4.11 Bad Debts and Voids

We have incorporated into our valuations the potential for future voids and bad debts. Any loss of income for both void properties and bad debts is reflected in a deduction made from the gross rental income.

The rates applied take into consideration the figures in the 2020 Global Accounts data provided by the Regulator of Social Housing and are similar to allowances used by other RPs providing a management and maintenance service in the areas where the properties are situated.

The 2020 Global Accounts data shows that across the whole affordable housing sector, RPs have lost approximately 0.90% of their gross income through bad debts and 1.39% through void losses. The bad debts reflect an increase of 0.2% from the 2019 data whilst void losses have remained at a consistent level.

In our MV-T valuations we are assuming greater increases in rents than a social landlord would impose. In our opinion, these rent increases would inevitably be reflected in a higher level of voids and bad debts than would otherwise be the case. The associated risk has been factored into our MV-T discount rate.

The rates adopted for bad debts and voids as a percentage of gross income for each of our EUV-SH and MV-T valuations are summarised in the table below:

Valuation Category	Bad debts & voids Year 1 (EUV-SH)	Bad debts & voids Year 1 (MV-T)
General Needs	2.5%	8.0%
Sheltered and Supported	1.4% - 4.0%	7.0% - 9.5%
Affordable Rent	2.3%	7.8%
Intermediate and sub-market rent	3.3%	-

## 4.12 Management Costs

We have adopted rates for management and administration based on our experience of other RPs operating in similar areas to the Issuer. Our rates are subject to an annual inflator of 0.5% (real) for the duration of the cashflow reflecting long-term earnings, growth predictions and potential management savings.

From the information provided in the 2020 Global Accounts, the average cost of management across the sector is £1,068 per unit and the average management cost per unit for the Issuer is £1,269 per unit.

In arriving at our opinion of value, we are assessing what a hypothetical purchaser in the market would pay for the properties, and in our experience, bids are likely to reflect a marginal approach to management costs. That is, the incremental cost to the organisation of managing the acquired stock is likely to be significantly less than the organisation's overall unit cost. Furthermore, a growth in stock numbers could give rise to potential economies of scale, rationalisation of services and other efficiencies which would reduce unit costs.

Taking the above into account, we have adopted rates of between £550 and £750 per unit for management and administration in our valuations on the basis of EUV-SH.

We have assumed that a mortgagee in possession would expect to spend 8.0% of rental income on management and administration in our valuations on the basis of MV-T.

## 4.13 Repairs and Maintenance

Although the majority of the properties are generally in a reasonable or good condition, renewal, day-to-day and cyclical maintenance will be required to keep the stock in its present condition.

From the information provided in the 2020 Global Accounts, the total average cost of carrying out major repairs, planned and routine maintenance across the sector is £2,041 per unit and the average maintenance cost per unit for the Issuer is £2,011 per annum. The Global Accounts average figure for the sector is an increase of 4.6% on those reported in the 2019 Edition.

The above figures are broad averages; costs will vary according to a property's age, type, size and form of construction. In particular, the profile of expenditure will be different for a newly built property compared to an older property. The former should only require modest routine maintenance over the first 5 to 10 years of its life, with major repairs only arising from years 15 to 20. Hence there is a low-start cost profile, rising steeply in the medium term, whilst an older property is likely to have a flatter profile with a higher starting point.

In accordance with section 3.3 we have had due consideration to the age and construction type for each of the tenure types in our valuations.

The following table sets out the average cost assumptions we have made in the first year of our EUV-SH cashflows. All of our appraisals assume that these costs will inflate at 0.5% (real) per annum.

Category of Expenditure	Period	Rented Properties
Major repairs and renewals	Year 1	£720
Cyclical repairs	Year 1	£330
Day-to-day repairs	Year 1	£430
<b>Total Average Costs</b>	<b>Year 1</b>	<b>£1,480</b>

We have adopted higher costs for major repairs in the first 3 years of our MV-T valuations as some of the properties will require refurbishment and redecoration in order to attract buyers or to be let in the private residential market. After this initial period, our costs settle to a lower level similar to the costs used in our EUV-SH valuation.

#### 4.14 Discount Rate

Our cashflow valuations are based on constant prices and therefore explicitly exclude inflation. The chosen discount rate reflects our judgement of the economic conditions at the time of the valuation and the level of risk involved in each cashflow, taking all factors and assumptions into account. To determine the risk involved we have looked at:

- the sustainability of the existing rental income;
- the likely rate of future rental growth;
- the condition of the Portfolio;
- the level of outgoings required to maintain the maximum income stream;
- the likely performance of the Portfolio in relation to its profile and location;
- the real cost of borrowing; and
- the long-term cost of borrowing.

For our EUV-SH valuations of the rented properties we have adopted real discount rates of between 5.0% and 6.5% on net rental income.

In our MV-T model we have adopted a higher rate on rental income to reflect additional risk resulting from the significant rental growth that we have assumed during the first 1 to 4 years. In addition, we have adopted a higher rate on income from sales to reflect the additional premium on the yield which an investor would expect from a sales income stream.

We have adopted real discount rates of between 7.0% and 7.9% (rental income), and between 9.0% and 9.8% (sales) for our MV-T cashflows.

## 5 Valuation Commentary - Shared Ownership

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### 5.1 Introduction

There are 688 shared ownership properties within the Portfolio. The Issuer currently owns 62.4% of the equity in the units and a rent is charged on this percentage.

### 5.2 Rental Levels

According to the information provided by the Issuer, the average gross weekly rental level is £122.13 against the average retained equity. All rents are expressed on the basis of 52 rent weeks per year.

We have not included the value of any current or future ground rent income in our valuations.

### 5.3 Rental Growth

The RSH's restriction on future rental growth through section 2.4.5 of the Capital Funding Guide allows a maximum of 0.5% real growth per annum only. The imposition of this formula effectively constrains the net present value of the cashflow to the basis of EUV-SH.

It should also be noted that although, in general, rents in the sector will be linked to CPI, the rents for shared ownership properties will grow as set out in the signed leases for each property. We have not had sight of these leases and assume that they have the standard rent review provisions (upwards only, indexed linked at RPI plus 0.5%) set out in the model shared ownership lease, published by the National Housing Federation.

We have grown rents at a rate of RPI plus 0.5% in line with this guidance and the terms of the existing leases.

### 5.4 Outgoings

In forming an opinion of the net rental income generated by the Portfolio, we have allowed 2.5% of gross rental income for management.

### 5.5 Voids and Bad Debts

We understand that all of the properties are now let and so we would not expect any voids going forward. We have allowed for the incidence of bad debts in the discount rate.

### 5.6 Repairs and Maintenance

We have assumed any repair obligations will lie with the leaseholders. We would expect that repair/renewal, day-to-day and cyclical maintenance would be required to keep the stock in its present condition. However, we have assumed that, where appropriate, service charge income fully covers expenditure.

### 5.7 Discount Rate

For our EUV-SH valuation we have adopted a discount rate of 4.75% on the rental income and 7.25% on sales.

## 5.8 Rate of Sales

We have adopted what we would expect to be a long-term sustainable rate of sales of further tranches over the 50 years of our cashflow model. We have assumed that equity is sold in 25% tranches.

The rates we have adopted in our cashflow are as follows:

Years	Tranche Sales p.a.
Years 0-2	15
Years 3-10	20
Years 11-39	10
Years 40-50	5

It is difficult to judge when tenants will purchase additional tranches so the income from sales proceeds has been discounted at a higher rate, in line with section 5.7, to reflect the additional risk of realising the value. However, it should be noted that in our valuation, the majority of the value (circa 77.3%) is attributed to the rental income.



## 6 Valuation

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### 6.1 Background

We have prepared our valuations on the following bases:

- Existing Use Value for Social Housing (“EUV-SH”); and
- Market Value subject to existing Tenancies (“MV-T”).

Our valuations have been prepared in accordance with the RICS Red Book.

Apportionments of the valuations have been calculated as arithmetic apportionments and are included in the schedules at Appendix 1. This is a portfolio valuation, and no valuation of individual properties has been performed.

In forming our opinion of the value of the Portfolio as a whole, we have neither applied a discount for quantum nor added a premium to reflect break-up potential.

The definitions of the bases of valuation are set out in full in section 7 of this Report.

### 6.2 Asset Value for Loan Security Purposes

#### Total Portfolio

Our valuation of the 1,206 properties being valued on the basis of Existing Use Value for Social Housing (“EUV-SH”), in aggregate, at the valuation date is:

**£168,670,000**  
**(one hundred and sixty-eight million, six hundred and seventy thousand pounds)**

Our valuation of the 1,095 properties being valued on the basis of Market Value subject to Tenancies (“MV-T”), in aggregate, at the valuation date is:

**£175,460,000**  
**(one hundred and seventy-five million, four hundred and sixty thousand pounds)**

#### Freehold Properties

Our valuation of the 740 freehold properties that have been valued on the basis of EUV-SH, in aggregate as at the date of valuation, is:

**£88,520,000**  
**(eighty-eight million, five hundred and twenty thousand pounds)**

Our valuation of the 1,026 freehold properties that have been valued on the basis of MV-T, in aggregate as at the date of valuation, is:

**£162,280,000**  
**(one hundred and sixty-two million, two hundred and eighty thousand pounds)**

## Leasehold Properties

Our valuation of the 466 leasehold properties that have been valued on the basis of EUV-SH, in aggregate as at the date of valuation, is:

**£80,150,000**  
**(eighty million, one hundred and fifty thousand pounds)**

Our valuation of the 69 leasehold properties that have been valued on the basis of MV-T, in aggregate as at the date of valuation, is:

**£13,180,000**  
**(thirteen million, one hundred and eighty thousand pounds)**

## 6.3 Asset Value by Tenure

Our valuation of each individual tenure is shown in the following table:

Category	Unit Count	Basis of Value	EUV-SH	MV-T
General Needs	275	EUV-SH	£26,850,000	-
Sheltered and Supported	53	EUV-SH	£3,730,000	-
Affordable Rent	186	EUV-SH	£26,520,000	-
Intermediate and Sub-Market Rent	4	EUV-SH	£320,000	-
Shared Ownership	688	EUV-SH	£111,250,000	-
General Needs	834	MV-T	-	£128,150,000
Sheltered and Supported	122	MV-T	-	£12,820,000
Affordable Rent	139	MV-T	-	£34,490,000
<b>Total</b>	<b>2,301</b>		<b>£168,670,000</b>	<b>£175,460,000</b>

## 7 Bases of Valuation

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Our valuations have been prepared in accordance with the RICS Red Book.

### 7.1 Existing Use Value for Social Housing

The basis of Existing Use Value for Social Housing is defined in UK VPGA 7 of the RICS Valuation Global Standards 2017 – UK National Supplement as follows:

*“Existing use value for social housing (EUV-SH) is an opinion of the best price at which the sale of an interest in a property would have been completed unconditionally for a cash consideration on the valuation date, assuming:*

- *a willing seller;*
- *that prior to the valuation date there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest for the agreement of the price and terms and for the completion of the sale;*
- *that the state of the market, level of values and other circumstances were on any earlier assumed date of exchange of contracts, the same as on the date of valuation;*
- *that no account is taken of any additional bid by a prospective purchaser with a special interest;*
- *that both parties to the transaction had acted knowledgeably, prudently and without compulsion;*
- *that the property will continue to be let by a body pursuant to delivery of a service for the existing use;*
- *the vendor would only be able to dispose of the property to organisations intending to manage their housing stock in accordance with the regulatory body’s requirements;*
- *that properties temporarily vacant pending re-letting should be valued, if there is a letting demand, on the basis that the prospective purchaser intends to re-let them, rather than with vacant possession; and*
- *that any subsequent sale would be subject to all the same assumptions above.”*

### 7.2 Market Value

The basis of Market Value is defined in VPS 4.4 of the Red Book as follows:

*“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”*

Market Value subject to Tenancies is in accordance with the above definition, with the addition of the point below:

*“That the properties would be subject to any secure or assured tenancies that may prevail, together with any other conditions or restrictions to which property may be subject.”*

### 7.3 Expenses

No allowance is made in our valuations for any expenses of realisation.

## **7.4 Tax**

No allowance is made in our valuations for any liability for payment of Corporation Tax, or for any liability for Capital Gains Tax, whether existing or which may arise in the future.

The transfer of properties between RPs is exempt from Stamp Duty Land Tax (“SDLT”). Our MV-T valuations include fees of 3.0% on individual unit sales, however we have not included SDLT or other costs of acquisition within our valuation.

## **7.5 VAT**

Our valuations are exclusive of VAT on disposal.

## 8 Sources of Verification of Information

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### 8.1 General

We have relied upon the description, tenancy type and current rental income provided to us by the Issuer and we have been unable to verify the accuracy of that data.

### 8.2 Tenure

Unless otherwise stated in this Report, the Issuer holds a freehold interest or long leasehold interest with not less than 80 years unexpired in respect of its properties. We confirm that there will be no material difference in the MV-T and EUV-SH cashflow valuations between these two holding interests.

### 8.3 Title

We have reviewed the Certificates of Title and accompanying Overview Reports on Title for the portfolio issued to us by Addleshaw Goddard LLP on 5 July 2021 (respectively “the Certificates” and “the Overview Reports”) and can confirm that our valuations fully reflect the disclosures contained therein. In particular, in respect of each unit which we have valued on the basis of MV-T, we can confirm that (based on our review of the Certificates and the Overview Reports) such properties may be disposed of by or on behalf of the Funder on an unfettered basis (meaning subject to existing tenancies disclosed in the Certificate but not subject to any security of interest, option or other encumbrance or to any restriction preventing or restricting its sale to, or use by, any person for residential use).

For the avoidance of doubt, we have valued 1,206 properties on the basis of EUV-SH and 1,095 properties on the basis of MV-T (with each unit’s basis of value annotated on our valuation list attached at Appendix 1).

### 8.4 Nomination Agreements

Our valuations are prepared on the basis that there are no nomination agreements. If any nomination rights are found to be in existence, they are assumed not to be binding on a mortgagee in possession unless otherwise stated in this Report

### 8.5 Measurements/Floor Areas

We have not measured the properties, this being outside the scope of a valuation of a portfolio of this nature, unless otherwise stated in this Report.

However, where measurements have been undertaken, we have adhered to the RICS Code of Measuring Practice, 6th edition, except where we specifically state that we have relied on another source. The areas adopted are purely for the purpose of assisting us in forming an opinion of capital value. They should not be relied upon for other purposes nor used by other parties without our written authorisation.

Where floor areas have been provided to us, we have relied upon these and have assumed that they have been properly measured in accordance with the Code of Measuring Practice referred to above.

## 8.6 Structural Surveys

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services and we, therefore, do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily apparent defects or items of disrepair, which we note during our inspection, or costs of repair which are brought to our attention. Otherwise, we assume that each building is structurally sound and that there are no structural, latent or other material defects.

In our opinion the economic life of each property should exceed 50 years providing the properties are properly maintained.

## 8.7 Deleterious Materials

We do not normally carry out or commission investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, woodwool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

## 8.8 Site Conditions

We do not normally carry out or commission investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses, delays or restrictions will be incurred during the construction period due to these matters.

## 8.9 Environmental Contamination

Unless expressly instructed, we do not carry out or commission site surveys or environmental assessments, or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.

## 8.10 Japanese Knotweed

Our inspections are for valuation purposes only and carried out on an external and internal sample basis only, therefore we cannot confirm whether invasive vegetation has been or is present on the site, our valuation assumes that none exists within the demise or proximity of any of the properties.

## 8.11 Energy Performance Certificates (EPCs)

We have not been provided with copies of any Energy Performance Certificates by the Issuer. The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 make it unlawful for landlords in the private rented sector to let properties that have an EPC rating of F or G, from 1 April 2018.

The Regulations do not apply to the majority of properties owned by RPs. Based on our inspections and our wider knowledge of energy ratings within the social housing sector, we do not consider this issue to present a material valuation risk.

## **8.12 Market Rental Values**

Our assessment of rental values is formed purely for the purposes of assisting in the formation of an opinion of MV-T and is generally on the basis of Market Rent, as defined in the “the Red Book”. Such figures should not be used for any other purpose other than in the context of this valuation.

## **8.13 Insurance**

Unless expressly advised to the contrary we assume that appropriate cover is and will continue to be available on commercially acceptable terms.

## **8.14 Planning**

We have prepared our valuations on the basis that each property exists in accordance with a valid planning permission.

## **8.15 The Equality Act**

From our inspections the properties appear to comply with the requirements of the Equality Act 2010.

## **8.16 Outstanding Debts**

In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

## **8.17 Services**

We do not normally carry out or commission investigations into the capacity or condition of services. Therefore, we assume that the services, and any associated controls or software, are in working order and free from defect. We also assume that the services are of sufficient capacity to meet current and future needs.

## **8.18 Plans and Maps**

All plans and maps included in our Report are strictly for identification purposes only, and, whilst believed to be correct, are not guaranteed and must not form part of any contract. All are published under licence and may include mapping data from Ordnance Survey © Crown Copyright. All rights are reserved.

## **8.19 Compliance with Building Regulations and Statutory Requirements**

Our valuations have been provided in accordance with the RICS’ Guidance Note: “Valuation of properties in multi-storey, multi-occupancy residential buildings with cladding, 1st Edition March 2021”, effective from 5 April 2021.

Unless otherwise stated in our report none of the properties are of 18m or 6 storeys or more or are subject to any remedial works in the wake of the Grenfell Tower disaster of June 2017. We have therefore assumed that the properties conform to the Fire Precaution Regulations and any other statutory requirements.



# Appendix 1

## General Terms and Conditions

## 1. AGREEMENT

1.1. These Terms together with any Engagement set out the terms on which JLL will provide the Services to the Client. Each of the provisions provided in the Agreement are severable and distinct from the others.

1.2. The Engagement shall prevail to the extent of any conflict between the Terms, and the Engagement. The Agreement supersedes any previous arrangement concerning its subject matter. Unless the Parties agree otherwise, these Terms shall apply to any future instructions from the Client, although such instructions may be subject to a separate Engagement.

## 2. INTERPRETATION

The following definitions and rules of interpretation apply in these Terms:

### 2.1. Definitions

**"Affiliates"** includes in relation to either Party each and any subsidiary or holding company of that Party and each and any subsidiary of a holding company of that Party and any business entity from time to time controlling, controlled by, or under common control with, that Party, and **"holding company"** means a holding company as defined in section 1159 of the Companies Act 2006 or a parent undertaking as defined in section 1162 and schedule 7 of the Companies Act 2006, and **"subsidiary"** means a subsidiary as defined in section 1159 of the Companies Act 2006 or a subsidiary undertaking as defined in section 1162 and schedule 7 of the Companies Act 2006;

**"Agreement"** means any Engagement and these Terms together;

**"Client"** means the Party who enters into the Agreement with JLL;

**"Data Protection Legislation"** shall mean GDPR and any national implementing laws, regulations and secondary legislation in force in the United Kingdom from time to time;

**"Engagement"** means the agreement, letter of engagement or engagement agreement or email and any schedules/appendices sent to the Client by JLL (or agreed in writing) which sets out details of the Services to be provided to the Client pursuant to the Agreement;

**"GDPR"** means the General Data Protection Regulation ((EU) 2016/679) and in this Agreement: "controller", "processor", "data subject", "personal data", "personal data breach", "supervisory authority", and "processing" shall have the meaning set out in the GDPR, and references to "personal data" shall in addition mean personal data related to the Agreement.

**"Insolvent"** means in relation to:

- (a) a company (including any body corporate), that it:
  - (i) is unable to pay its debts as they fall due;
  - (ii) becomes or is deemed insolvent;
  - (iii) has a notice of intention to appoint an administrator filed at Court in respect of it, has an administrator appointed over, or has an administration order in relation to it, or has appointed a receiver or an administrative receiver over, or an encumbrancer takes possession of or sells the whole or part of its undertaking, assets, rights or revenue;
  - (iv) passes a resolution for its winding up or a court of competent jurisdiction makes an order for it to be wound up or dissolved or it is otherwise dissolved (other than a voluntary winding up solely for the purpose of a solvent amalgamation or reconstruction); or
  - (v) enters into an arrangement, compromise or composition in satisfaction of its debts with its creditors or any class of them or takes steps to obtain a moratorium or making an application to a court of competent jurisdiction for protection of its creditors;
- (b) a partnership, that it is dissolved by reason of the bankruptcy of one or more of its partners;
- (c) an individual, that they are bankrupt; or
- (d) a Party based outside England and Wales, that it is considered insolvent by the laws applicable to that Party;

**"JLL"** means Jones Lang LaSalle Limited of 30 Warwick Street London W1B 5NH registered in England and Wales with company number 01188567 and/or any Affiliate of JLL that provides the Services to the Client;

**"Materials"** means all materials, equipment, documents and other property of JLL made available to the Client by JLL in carrying out the Services;

**"Party"** means either the Client or JLL (as the context requires) and **"Parties"** shall mean both of them;

**"Services"** means the Services set out in the Engagement or as otherwise agreed in writing between the Parties;

**"Terms"** means these terms and conditions.

2.2. Unless the context otherwise requires, words in the singular shall include the plural and, in the plural, shall include the singular.

2.3. A reference to a statute or statutory provision is a reference to it as it is in force as at the date of the Agreement and shall include all subordinate legislation made as at the date of the Agreement under that statute or statutory provision.

2.4. A reference to writing or written unless otherwise specified herein includes email.

2.5. Any words following the terms including, include, in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

2.6. Headings are for convenience only and do not affect the interpretation of this Agreement.

### **3. SERVICES**

3.1. JLL shall provide the Services using reasonable care and skill.

3.2. JLL has no obligation to provide any services other than the Services and has no obligation to provide nor any liability for:

- a) an opinion on the price of a property (unless specifically agreed in writing);
- b) any advice regarding the condition of a property (unless specifically agreed in writing);
- c) the security or management of a property unless specifically instructed to arrange it;
- d) the safety of any third party entering any premises; or
- e) the management or payment of any third party suppliers.

3.3. Where the Parties have agreed that JLL shall carry out estate agency business, JLL shall (i) report in writing all offers it receives regarding the relevant property; and (ii) comply with its obligations under the Estate Agents Act 1979 and regulations made under that Act together with any other similar laws and regulations.

3.4. Where agreed in writing JLL shall use reasonable endeavours to meet any performance dates. JLL shall not be responsible for any failure to meet performance dates due to causes outside its reasonable control and time shall not be of the essence for the performance of the Services.

3.5. JLL shall have the right to make any changes to the Services which are necessary to comply with any applicable law, regulation, safety or public health requirement, or any applicable government guidance which do not materially affect the nature or quality of the Services and JLL shall notify the Client in any such event.

3.6. Without prejudice to clause 9.2(b), JLL will take all appropriate steps to identify, prevent or manage a conflict of interest that may arise in the course of business. In the event that an actual or potential conflict of interest is identified, JLL will recommend a course of action.

### **4. CLIENT OBLIGATIONS**

4.1. The Client shall:

- a) immediately notify JLL if any details or requirements set out in the Engagement are incomplete or inaccurate;
- b) co-operate with JLL in all matters relating to the Services;
- c) provide JLL, its employees, agents, consultants and subcontractors, with access to the relevant property as reasonably required by JLL to provide the Services; and
- d) obtain and maintain all necessary licences, permissions and consents which may be required by the Client before the date on which the Services are to start.

4.2. The Client shall promptly provide JLL with such information and materials as it may reasonably require in order to supply the Services and warrants that:

- a) such information is complete and accurate and was obtained and prepared in accordance with all applicable laws;
- b) it shall ensure that where the information and material include representations or descriptions of a property, that such information and material contain no misrepresentation or false impression;
- c) where the Client will advertise a property under JLL's logo, that such advertisement (including its content and context in which it will appear) is approved in writing by JLL prior to its publication; and
- d) it shall immediately notify JLL on becoming aware of any changes or issues that may render inaccurate any information or material provided to JLL.

4.3. In the event of any act or omission by the Client in breach of the Agreement or failure by the Client to perform any relevant obligation (Client Default):

- a) JLL shall without limiting its other rights or remedies have the right to suspend performance of the Services until the Client remedies the Client Default, and to rely on the Client to relieve JLL from the performance of any of its obligations to the extent the Client Default prevents or delays JLL's performance of any of its obligations; and
- b) JLL shall not be liable for any costs or losses sustained or incurred by the Client arising directly or indirectly from the Client Default.

4.4. The Client is responsible for effecting and maintaining adequate property and public liability insurance in relation to its activities and any relevant properties owned or occupied by it and shall be responsible for the safety of any person entering the relevant properties.

4.5. Where the Client constitutes more than one legal person, the liability of such persons shall be joint and several.

## 5. PAYMENTS

5.1. Whenever possible, the fees and expenses (if known) for the Services shall be as set out in the Engagement. Where fees and expenses for the Services are not specified in writing, JLL shall be entitled to the fee specified by the Royal Institution of Chartered Surveyors (RICS) or if there is none specified, by any other applicable professional body chosen by JLL (acting in a reasonably commercial manner) or, if none is specified, a fair and reasonable fee by reference to time spent delivering the Services; and reimbursement of any expenses properly incurred by JLL on the Client's behalf.

5.2. All amounts payable by the Client under the Agreement are exclusive of value added tax (VAT) or similar taxes which the Client shall pay at the applicable rate.

5.3. In consideration of the provision of the Services, the Client shall pay each invoice submitted by JLL in accordance with the Agreement within 28 days from the date of invoice.

5.4. If the Client fails to settle any payment due to JLL under the Agreement by the due date for payment, then JLL reserves the right to charge late payment interest after the due date on the overdue amount at the rate of 4 per cent per annum above the Bank of England's official bank rate from time to time. Such interest shall accrue on a daily basis from the due date until actual payment of the overdue amount, whether before or after

judgment. The Client shall pay the interest together with the overdue amount.

5.5. If the Agreement is terminated prior to the Services being completed, JLL shall, without limitation to its other rights and remedies under this Agreement or at law, be entitled to receive from the Client a reasonable fee proportionate to the part of the Services performed to the date of termination.

## 6. INTELLECTUAL PROPERTY RIGHTS

6.1. JLL retains all copyright (and all other intellectual property rights) in all materials, reports, systems and other deliverables which it produces or develops for the purposes of this Agreement, or which it uses in the provision of the Services. For this purpose **"intellectual property rights"** means patents, utility models, rights to inventions, copyright and related rights, trademarks and service marks, trade names and domain names, trade secrets, rights in get-up, goodwill and the right to sue for passing off or unfair competition, rights in designs, rights in computer software, database rights, rights to preserve the confidentiality of information (including know-how and trade secrets) and any other intellectual property rights, including all applications for (and rights to apply for and be granted), renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist, now or in the future, in any part of the world.

6.2. The Client shall have an irrevocable, royalty-free, non-exclusive licence to use the Materials for the purposes for which they are prepared by JLL, subject to JLL having received full payment for the Services in accordance with the Agreement. Such licence shall be capable of sub-licence by the Client to its employees, agents and subcontractors and shall survive termination. No third party has any right to use any such Materials without JLL's specific consent. JLL shall not be liable for the use of any Material for any purpose other than that for which JLL provided it to the Client.

6.3. Nothing in this clause 6 shall affect the Client's intellectual property rights that pre-exist the Services. The Client shall grant to JLL an irrevocable, royalty-free, non-exclusive, sub-licensable licence to use such pre-existing intellectual property rights for the purpose of carrying out the Services.

## 7. CONFIDENTIALITY

7.1. Except where disclosure is required by law, each party and that party's Affiliates must maintain the confidentiality of the other party's information and must not disclose any information received in confidence from the other party for a period of three years (or any longer period if so required by law) after termination or expiry of this Agreement.

7.2 Where JLL delivers services to or is approached to deliver services to another party JLL shall not be required to use or disclose to the Client any information known to JLL, which is confidential to another party.

## **8. LIABILITY**

8.1. a) JLL shall under no circumstances whatsoever be liable, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, for any loss of profit, loss of revenue or loss of anticipated savings, or for any indirect, special or consequential loss arising out of or in connection with the Agreement and/or the Services;

b) JLL's total liability in respect of all losses arising out of or in connection with the Agreement and/or the Services, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, shall not exceed £5 million; and

c) nothing in the Agreement limits any liability which cannot legally be limited, including but not limited to, liability for: death or personal injury caused by negligence; or fraud or fraudulent misrepresentation.

8.2. JLL shall have no liability for the consequences, including delay in or failure to provide the Services:

a) due to any failure by the Client or any representative or agent of the Client to provide information or other material that JLL reasonably requires promptly, or where that information or material provided is inaccurate or incomplete;

b) to the extent that the Client or someone on the Client's behalf for whom JLL is not responsible is responsible, and where JLL is one of the parties liable in conjunction with others, JLL's liability shall be limited to the share of loss reasonably attributable to JLL on the assumption that all other parties pay the share of loss attributable to them (whether or not they do); or

c) due to any failure by the Client or any representative or agent of the Client to follow JLL's advice or recommendations.

8.3. JLL owes no duty of care and has no liability to anyone but the Client unless specifically agreed in writing by JLL.

## **9. TERMINATION**

9.1. Without limiting its other rights or remedies, either Party may terminate the Agreement by giving the other Party 28 days' written notice.

9.2. Without limiting its other rights or remedies, either Party may terminate the Agreement with immediate effect by giving written notice to the other Party if:

a) the other Party commits a material breach of the Agreement and (if such a breach is remediable) fails to remedy that breach within 14 days of that Party being notified in writing to do so;

b) a conflict of interest arises which prevents JLL continuing to act for the Client; or

c) the other Party becomes Insolvent.

9.3. Without limiting its other rights or remedies, JLL may suspend provision of the Services under the Agreement or any other contract between the Client and JLL if the Client becomes Insolvent, or JLL reasonably believes that the Client is about to become Insolvent, or if the Client fails to pay any amount due under the Agreement on the due date for payment.

9.4. On termination of the Agreement for any reason:

a) the Client shall immediately pay to JLL all of JLL's outstanding unpaid invoices and interest and, in respect of Services supplied but for which no invoice has been submitted and associated expenses, JLL shall submit an invoice, which shall be payable by the Client immediately on receipt;

b) the Client shall return any Materials which have not been fully paid for;

c) JLL may, to comply with legal, regulatory or professional requirements, keep one copy of all Material which is what was supplied by or on behalf of the Client in relation to the Services;

d) the accrued rights, remedies, obligations and liabilities of the Parties as at expiry or termination shall be unaffected, including the right to claim damages in respect of any breach of the Agreement which existed at or before the date of termination or expiry; and

e) clauses which expressly or by implication survive termination shall continue in full force and effect.

9.5. JLL may destroy any hard copy and electronic files it has in its possession after six years from the earlier of completion of the Services or termination of the Agreement.

## 10. DATA PROTECTION

10.1 JLL (including third parties as described in our Privacy Statement available at [www.jll.co.uk](http://www.jll.co.uk)) may process in hard copy and/or in electronic form, personal data regarding the Client, its officers and any other individuals connected with the Client ('Client Contacts'). It may also verify the identity of Client Contacts including carrying out checks with third parties such as financial probity, anti-money laundering or sanctions-checking agencies. To facilitate compliance with money laundering regulations and avoid duplication of due diligence, the Client acknowledges that JLL may share Client contacts' personal data with such third party agencies and JLL Affiliates.

10.2 Unless the Agreement and factual arrangements dictate otherwise, as between the Parties for the purposes of the Agreement, the Client is deemed to be the controller and JLL is deemed to be the processor. The Client will ensure that any transfer of personal data to JLL (and any sub-processors under clause 10.11) complies with the Data Protection Legislation. In providing the Services, JLL in its role as processor shall comply with the Data Protection Legislation as it relates to data processors. Nothing within the Agreement relieves either Party of its own direct responsibilities and liabilities under the Data Protection Legislation.

10.3 JLL shall not process personal data other than in relation to the documented instructions of the Client, unless it is required to process the personal data by any law to which it is subject. In such a case JLL shall inform the Client of that legal requirement before complying with it, unless that law prohibits JLL from doing so.

10.4 JLL shall ensure that it and any third party with access to the personal data has appropriate technical and organisational security measures in place, to guard against the unauthorised or unlawful processing of personal data and against the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, the personal data. Upon a written request, JLL shall provide to the Client a general description of the security measures it has adopted.

10.5 JLL shall take reasonable steps to ensure any person that has access to personal data is made aware of their responsibilities, and subject to enforceable duties of confidentiality.

10.6 JLL shall notify the Client without undue delay if it:

10.6.1 receives a request for access from an individual, or a request relating to any of the other individuals' rights available under the Data Protection Legislation, in respect of personal data;

10.6.2 receives any enquiry or complaint from a data subject, supervisory authority or third party regarding the processing of the personal data; and

10.6.3 becomes aware of a personal data breach affecting personal data, unless the breach is unlikely to result in a risk to the rights and freedoms of data subjects.

10.7 JLL shall assist and provide all information reasonably requested in writing by the Client in relation to data protection impact assessments or 'prior consultation' with supervisory authorities or matters under clause 10.6.

10.8 JLL shall maintain all the records and information necessary to demonstrate its compliance with the requirements set out in this clause 10.

10.9 JLL shall allow the Client (or its appointed auditor) to audit JLL's compliance with this clause 10. The Client agrees to give reasonable notice of any audit, to undertake any audit during normal business hours, to take steps to minimise disruption to JLL's business, and not exercise this right of audit more than once every year unless instructed otherwise by a supervisory authority.

10.10 JLL shall, upon receipt of a written request, from the Client delete or return all personal data at the end of the provision of the Services. JLL may retain copies of the personal data in accordance with any legal or regulatory requirements, or any guidance that has been issued in relation to deletion or retention by a supervisory authority.

10.11 JLL shall only engage a sub-processor where:

10.11.1 the Client has agreed in writing to the engagement of the sub-processor; or

10.11.2 the sub-processor is an Affiliate of JLL or a service provider engaged by JLL to support the infrastructure and administration of its business (with details maintained at <http://www.jll.co.uk/sub-processors>).

10.12 JLL shall ensure that any arrangements between JLL and a sub-processor are governed by a written contract including terms which offer at least the same level of protection for personal data as those set out in this clause. Where JLL intends to engage a new sub-processor under 10.11.2 and the Client objects, then the Client may choose to terminate the Services in accordance with clause 9.

10.13 In accordance with clause 12.1, JLL shall remain liable for the acts and omissions of its sub-processors.

10.14 JLL shall only transfer personal data outside the European Economic Area where it has ensured the transfer complies with the Data Protection Legislation.

## 11. FORCE MAJEURE

11.1. Neither Party shall be liable to the other Party as a result of any delay or failure to perform its obligations under the Agreement as a result of any event beyond the reasonable control of either Party including strikes, lock-outs or other industrial disputes (whether involving the workforce of JLL or any other party), failure of a utility service or transport network, act of God, war, riot, civil commotion, malicious damage, an international, national or regional emergency has been declared, a period of quarantine recommended or imposed by any applicable government, epidemic, pandemic, public health emergency, compliance with any law or governmental order, rule, regulation or direction, accident, breakdown of plant or machinery, fire, flood, storm or default of suppliers or subcontractors.

11.2. If such an event prevents either Party from performing any of their obligations under the Agreement for a period of more than four weeks, the affected Party shall, without limiting their other rights or remedies, have the right to terminate the Agreement immediately by giving written notice to the Party.

11.3. This clause does not apply to the payment of fees or expenses due to JLL by the Client.

## 12. GENERAL

12.1. **Subcontracting.** JLL may subcontract or deal in any other manner with all or any of its rights or obligations under the Agreement to any third party or agent provided that:

- (i) where JLL subcontracts or delegates its obligations at the specific request of the Client, JLL shall have no liability for the acts or omissions of the third party or agent; and
- (ii) otherwise, JLL shall remain liable for the acts or omissions of the third party or agent, unless the Client agrees to rely only on the third party or agent, such agreement not to be unreasonably withheld.

12.2. **Notices.** a) Any notice or other communication, including the service of any proceedings or other documents in any legal action given to a Party under or in connection with the Agreement shall be in writing, addressed to that Party at its registered office (if it is a company) or its principal place of business (in any other case) or such other address as that Party may have specified to the other Party in writing in accordance

with this clause, and shall be delivered personally or sent by pre-paid first class post or commercial courier. Any notice or other communication sent to a Party located in a different country to the sending Party must be sent by commercial courier;

- b) A notice or other communication shall be deemed to have been received: if delivered personally, when left at the address referred to in clause 12.2.a); if sent by pre-paid first class post at 9.00 am on the second business day after posting; or if sent by commercial courier, on the date and at the time that the courier's delivery receipt is signed. For this purpose, a business day means a day (other than a Saturday or Sunday) on which banks are open for business in London.

12.3. **Severance.** a) If any provision or part-provision of the Agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this clause shall not affect the validity and enforceability of the rest of the Agreement;

- b) If any provision or part-provision of the Agreement is invalid, illegal or unenforceable, the Parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable, and, to the greatest extent possible, achieves the intended commercial result of the original provision.

12.4. **Waiver.** A waiver of any right under the Agreement or law is only effective if it is in writing and shall not be deemed to be a waiver of any subsequent breach or default. No failure or delay by a Party in exercising any right or remedy provided under the Agreement or by law shall constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict its further exercise of that or any other right or remedy. No single or partial exercise of such right or remedy shall prevent or restrict the further exercise of that or any other right or remedy.

12.5. **No Partnership or Agency.** Nothing in the Agreement is intended to, or shall be deemed to, establish any partnership or joint venture between the Parties, nor constitute either Party the agent of the other for any purpose. Neither Party shall have authority to act as agent for, or to bind, the other Party in any way.

12.6. **Third parties.** Subject to clause 12.8, a person who is not a Party to the Agreement shall not have any rights to enforce its Terms unless specifically agreed in writing.

12.7. **Variation.** Except as set out in these Terms, no variation of the Agreement, including the introduction of any additional terms and conditions, shall be effective unless it is agreed in writing and signed by both Parties. Unless otherwise expressly agreed, variation of these Terms does not require the consent of any third party (whether any employee referred to in clause 12.8 or otherwise).

12.8. **Protection of Employees.** Save in respect of fraud or criminal conduct no employee of JLL or any Affiliate has any personal liability to the Client nor to anyone representing the Client. Neither the Client nor anyone representing the Client may make a claim or bring proceedings against an employee or former employee personally. Any such employee of JLL is entitled to enforce this provision pursuant to the Contracts (Rights of Third Parties) Act 1999.

12.9. **Directors.** Some employees of JLL have the title of “director”. The Client acknowledges that this does not mean they hold the office of director for the purposes of the Companies Act 2006. Rather, it means that they hold a senior role as an employee of JLL.

12.10. **Complaints.** JLL’s complaints procedure is available on request.

12.11. **Publicity.** Neither Party may publicise or issue any specific information to the media about the Services or the Agreement’s subject matter without the consent of the other.

12.12. **Criminal Activity.** To comply with the law and professional rules on suspected criminal activity JLL is required to verify the identity of its clients and understand their business. Upon request, the Client will promptly provide to JLL evidence of the Client’s identity, management or ownership. Where JLL is required by law to obtain similar evidence for another party to a transaction, the Client will provide all reasonable assistance to obtain such evidence. JLL may also need to provide such evidence to another party’s agents and the Client consents to the release of such information. If a Party fails to provide such evidence the transaction and Services may not be able to proceed. JLL is required by law to report to the appropriate authorities any knowledge or suspicion of money laundering or terrorist financing. JLL may be unable to inform the Client of any disclosure and may have to stop the Services for a period of time without explanation.

12.13. **Anti-bribery and corruption.** Both parties shall comply with all applicable laws, statutes, regulations, relating to anti-bribery and anti-corruption including but not limited to the Bribery Act 2010.

12.14. **RICS.** JLL is regulated by RICS for the provision of surveying services and agrees to uphold the RICS Rules of Conduct for Firms and all other applicable mandatory professional practice requirements of RICS, which can be found at [www.rics.org](http://www.rics.org). As a RICS regulated firm JLL has committed to cooperate with RICS to ensure compliance with its standards. JLL’s nominated RICS contact is Luis Campbell, Head of Compliance: [emeacompliance@eu.jll.com](mailto:emeacompliance@eu.jll.com).

12.15. **Governing Law.** The Agreement and any disputes arising from it (including non-contractual claims and disputes) are governed by English Law.

12.16. **Jurisdiction.** Each Party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction over any dispute or claim arising out of or in connection with this agreement or its subject matter or formation (including non-contractual disputes or claims).

12.17. **Language.** These Terms are provided in English and JLL will communicate with the Client in English.

12.18. **Survival.** Clauses 5 to 10 shall survive termination of the Agreement.



## Appendix 2

### Property Schedules































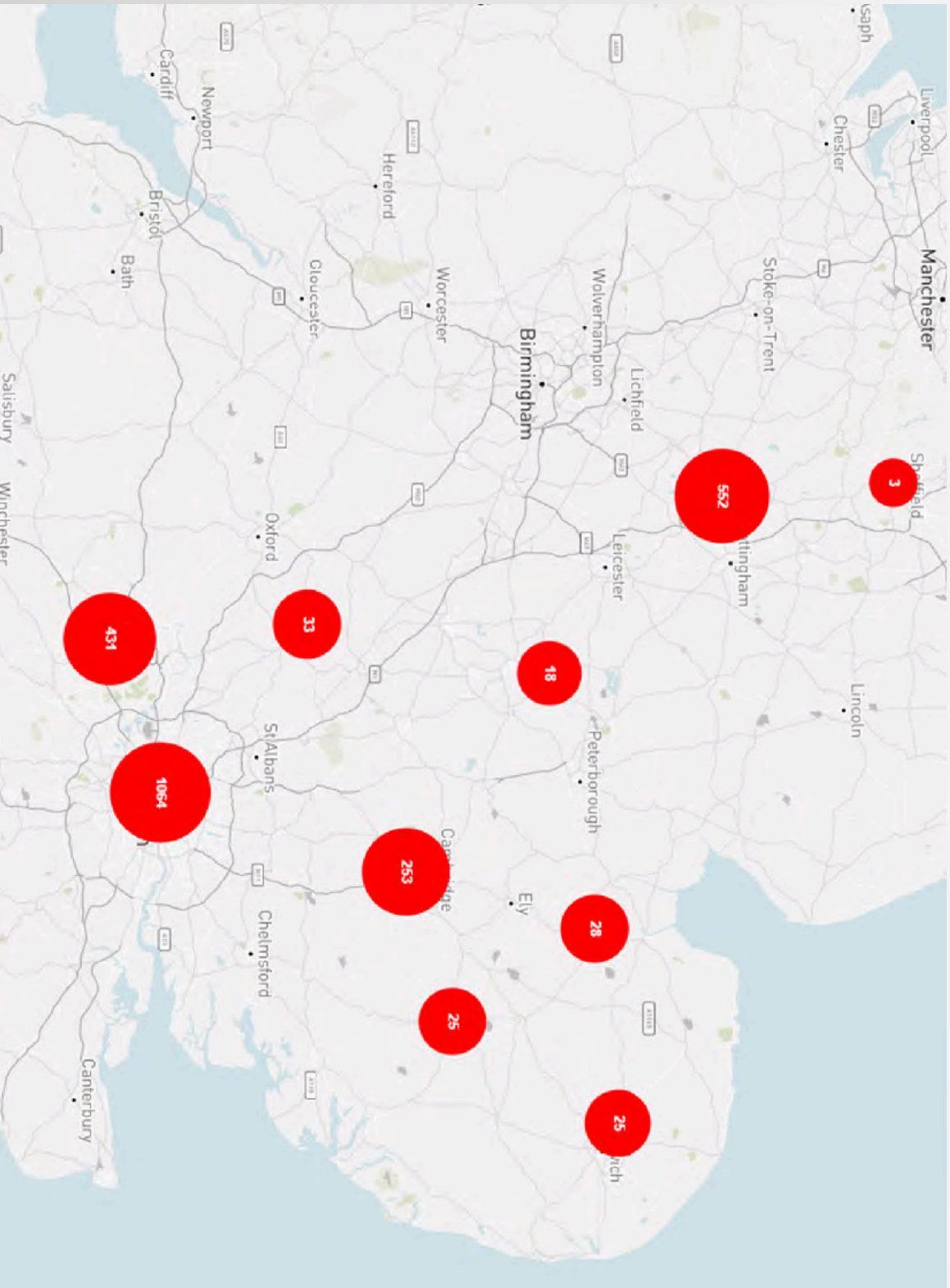




## Appendix 3

### Location Plan

# MTV EMTN 2021 Valuation



## Appendix 4

### Sample Photographs

CB22 5BQ - 61 Gog Magog Way, Stapleford, Cambridge



CM23 4QS - Flat 1, The Cedars, Parkside, Vicerons Place, Bishop's Stortford



DE1 1HT - 1 Padley House, Becket Street, Derby



DE1 3FL - Flat 10, Mcauley Court, Arthur Street, Derby



DE21 4JF - 1 Ashover Close, Chaddesden, Derby



DE21 6GL - 18 Selkirk Street, Derby





DE21 7JE - 21 Brockley, Spondon, Derby



DE22 3GR - 19 Richardson Street, Derby



DE23 1TX - 1 Ticknall Walk, Sunnyhill, Derby



DE23 8NN - 32 Becher Street, Derby



DE23 8NS - 68 Princes Street, Derby



DE24 8RN - 49 Burnaby Street, Derby



E1 1FE - 105 District Court, 26 Commercial Road, London



E1 8QJ - 505 Blakeney Tower, 12 Buckle Street, London



E17 9HW - 3 Bank Court, 58 Shernhall Street, London



GU14 6GP - 1 Woollett House, Sopwith Drive, Farnborough, Hampshire



GU15 3BF - Flat 22 Westminster Mansions, Sullivan Road, Camberley, Surrey -



GU3 3DW - 48 The Oval, Guildford, Surrey





HA3 6JJ - 72 Belsize Road, Harrow



HA5 3PS - Flat 54, Cherry Court, 621 Uxbridge Road, Pinner



HP18 0UP - Flat 1 Collington Road, Aylesbury, Bucks



KT15 2FZ - 32 Newchapel House, Market Street, Addlestone



KT15 2GF - 18 Witley House, Garfield Road, Addlestone



KT22 9FF - 2 River Walk, Fetcham, Leatherhead





KT8 0AR - 6 Corbett Avenue, Orchard Lane, East Molesey



MK18 4JQ - 10 Gilbert Scott Gardens, Gawcott, Buckingham



N10 1AQ - Flat 1, Whitehead Court, Albion Avenue, London



N17 9XB - 14 Pymmes Close, London



N22 5NT - 89 Pellatt Grove, London



N22 8HT - 40 Morant Place, London -





NG18 3SN - 14 Sandown Road, Mansfield



NW3 2TD - 17B South Hill Park Gardens, London



NW9 4AL - Flat 4, 14 Trobridge Parade, Graham Park Way, London



NW9 7RF - 2 Snowdon Drive, Kingsbury, London -



NW9 7RQ - 3 Camarthen Green Snowdon Drive, London -



RG2 9WP - 3 Mandarin Grove, Reading - Rear





RG2 9WP - Flat 2 Mallard Court, 1 Mandarin Grove, Reading



RG41 1AJ - 21 Eamer Crescent



RG41 1AL - Flat 1, Potter Crescent, Wokingham



RG41 1BF - 12 Herd Drive



RG41 1BH - 49 Trinder Road



RG41 5SB - 5 Glasspool Road, Winnersh, Wokingham -





RG41 5SQ - 14, Budd Grove, Winnersh, Wokingham



RG41 5SS - Flat 1, Rowbury House



S8 0RS - Room 1, Flat 3, 88 Chesterfield Road, Sheffield



SE11 4RZ - Flat A, 52 Cottoing Street, London



SE26 5FH - Flat 1, 7 Purbeck Gardens, Bromley, London -



SG8 6NH - 23 Worcester Way, Melbourn, Royston, Hertfordshire





SM1 1SJ - 33 West Street, Sutton



SW11 2LR - Flat 5, 46 Falcon Road, Wandsworth, London



SW11 3EX - 1 Butler Court, Hyde Lane, London



SW14 7BF - Flat 5 Wycliffe House, 6 Wadham Mews, Mortlake



SW15 2FJ - Apartment 6, 5 Oakhill Road, London



SW15 4BD - 2 Lawn House, Highcliffe Drive, London





SW18 4FA - 9 Greenacres House, 32 Knaresborough Drive -



SW19 2FL - Flat 22, 2C Cavendish Road, London



SW2 5JA - 46 Branksome Road, London



SW2 5JA - 78 Branksome Road, London



SW4 7QH - Flat A, 98 Sandmere Road, London



SW4 7SE - Flat A, 98 Ferndale Road, London



SW5 9SD - Room 1, 39 Longridge Road, London



TW8 8FQ - Flat 1, Isambard Court, Boaters Avenue, Brentford



## Appendix 5

### Market Commentary



*Research Report*  
*Jones Lang LaSalle Incorporated*

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Internal

# Market update: United Kingdom



## UK housing market overview

The Bank of England forecasts that the economy will grow by 7.25% over the course 2021, as restrictions imposed due to COVID-19 are lifted. The economy shrank by 1.5% during Q1 but grew 2.1% in March and is set to recover to pre-COVID levels over the remainder of the year.

THE UK HPI (ONS) reported an 10.2% annual increase in house prices in March 2021, the strongest rate of annual price growth since August 2007. Driven by a surge in market activity prior to the original Stamp Duty Land Tax holiday deadline, an estimated 190,980 sales (seasonally adjusted) were recorded in March 2021, the highest monthly total ever recorded. Sales in Q1 2021 were up 31% compared to the final three months of 2020 (HMRC).

According to Rightmove, nearly one in four (23%) properties that had a sale agreed in March had been on the market for less than a week. Buyer demand has been strong since the start of 2021, creating one of the busiest sales markets in years. The value of homes sold subject to contract in the first 15 weeks of the year is almost double 2019 and 2020 figures (Zoopla).

95,696 mortgages were approved in March 2021, 51.5% higher than in March 2020 and 21.2% higher than in February 2021. Annual mortgages in the year to March 2021 surpassed 861,000, higher than pre-pandemic levels which had hovered around 800,000 for several years. Net mortgage borrowing was £11.8 billion in March, the strongest since the series began in April 1993.

102,460 private new homes were started in 2020, -16% fewer than 2019. Q2 2020 marked the lowest quarter for construction starts since 2009. 121,850 private new homes completed in 2020, -15% fewer than 2019. Activity rebounded in the final quarter with 44,000 private completions, a quarterly increase of 28%.

## UK housing market forecast

The UK housing market is set to continue to confound expectations with JLL now predicting strong house price growth across all markets in 2021. Shifting living priorities will continue to drive buyer and renter behaviour in 2021 with a dedicated space for home working and a garden becoming more of a focus.

However, demand for city living will also bounce back in 2021 with a growing appetite to return to social, bustling urban centres, particularly driven by younger generations.

Despite Covid-19 causing a record contraction in GDP and rising unemployment, over the past 12 months the UK housing market has seen the highest level of house price growth since before the EU Referendum in June 2016. Prices have continued to grow strongly in 2021 on the back of the supportive UK Government measures such as the extended Stamp Duty holiday, 95% Mortgage Guarantee scheme and the speed of the COVID-19 vaccine rollout.

JLL now forecasts that price growth will be 4.5% in the UK.

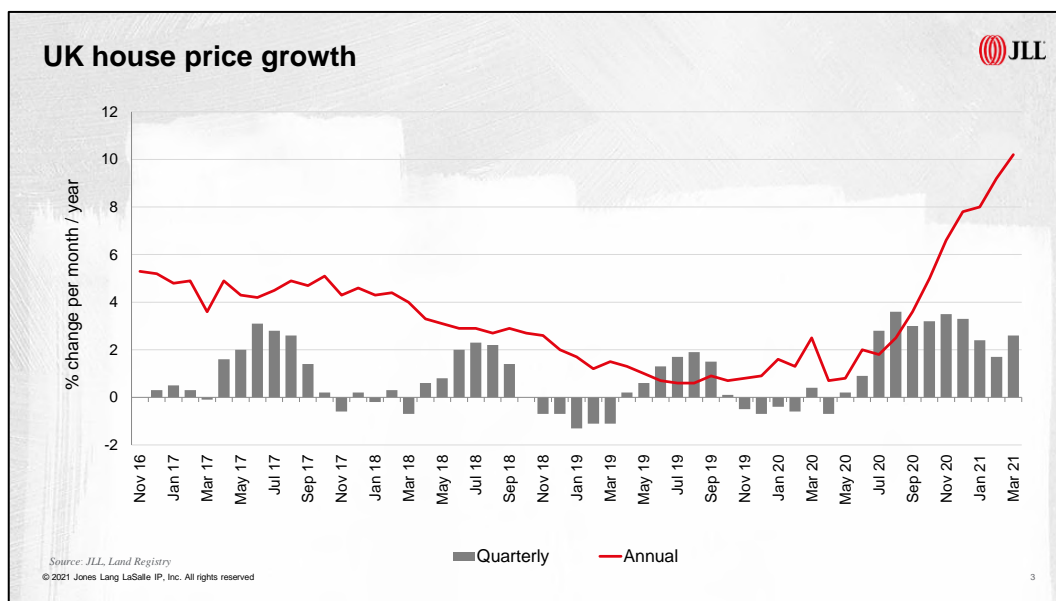
UK forecasts	2021	2022	2023	2024	2025	Total 2021-25	Average pa
Rental value change (% pa)	0.5	2.0	2.5	2.5	2.5	10.0	2.0
House price change (% pa)	4.5	2.5	4.0	5.0	4.5	20.5	4.1

## UK housing market analysis

Using a selection of data from Government sources, including Land Registry, HMRC and MHCLG, as well as survey data collected by the RICS (the Royal Institution of Chartered Surveyors), this section provides a detailed analysis of the UK housing market.

### House price growth

Price growth has shown no sign of slowing since the re-opening of the housing market, reaching 10.2% in the year to the end of March 2021. In the three months to March 2021, house prices increased by 2.6%, following a 3.3% increase in the final quarter of 2020.

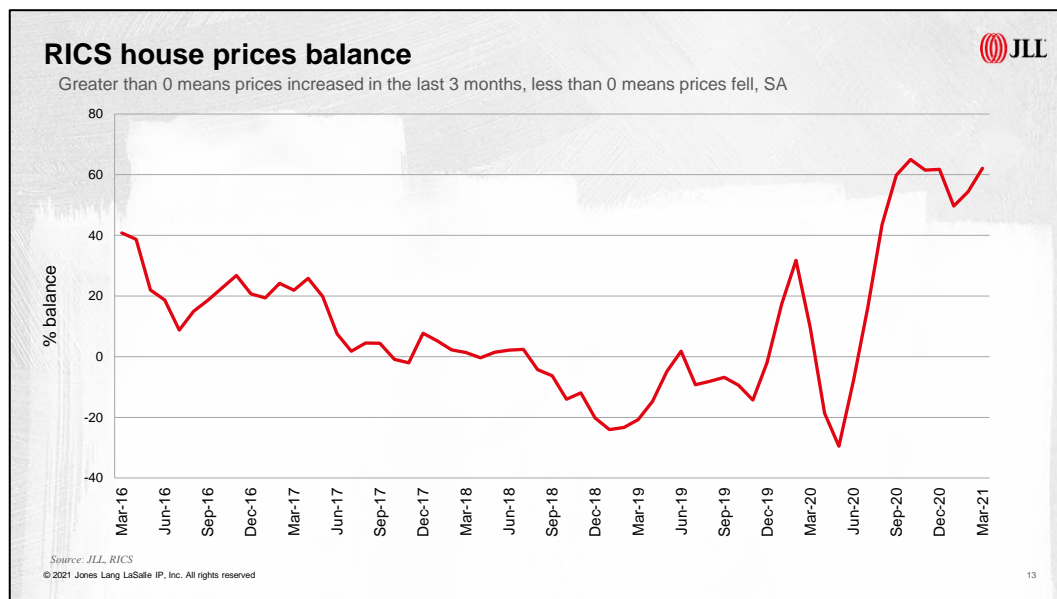


### Housing supply and demand

The following section analyses data from the RICS Housing Market Survey, a useful tool when analysing demand, supply and pricing in the UK housing market. The data is sourced from a survey of chartered surveyors across the UK and it includes a range of questions from their future perceptions of the market to how the market has moved in the preceding three months.

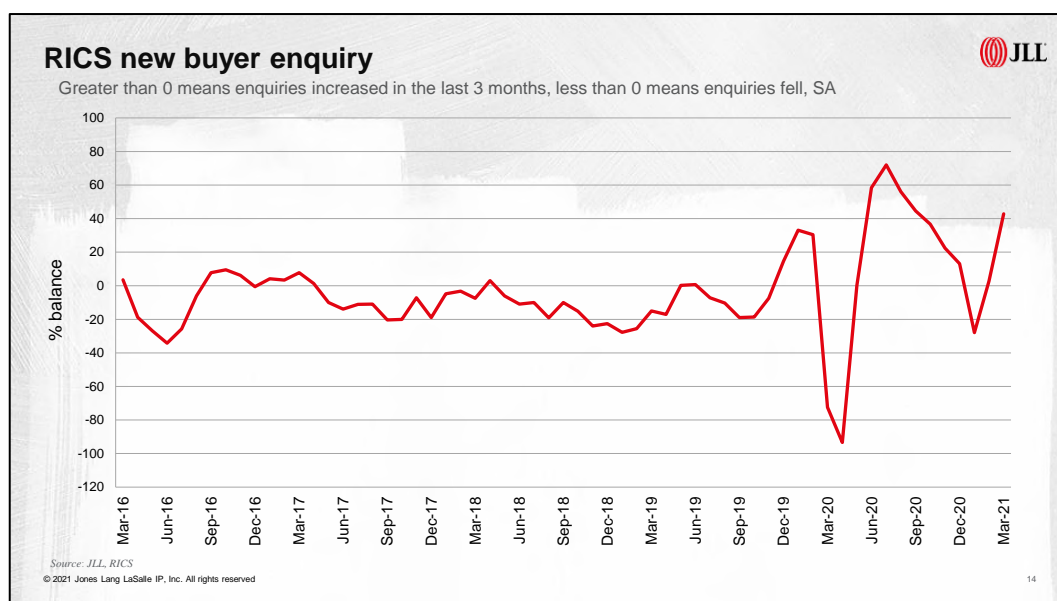
Several results are presented through a balance of surveyor views. Results below zero indicate that demand/supply/price is falling while positive values reveal a rise in demand/supply/price. Each value describes the rate at which demand/supply/price is growing or falling which are useful in analysing the momentum of the market. The findings of the survey are presented below.

The RICS survey reveals that, on a seasonally adjusted basis, the price balance was +62.1 in March 2021. This is a slight increase from December 2020 when the balance was +61.8. This suggests that the majority of surveyors agree that prices have increased in Q1 2021.

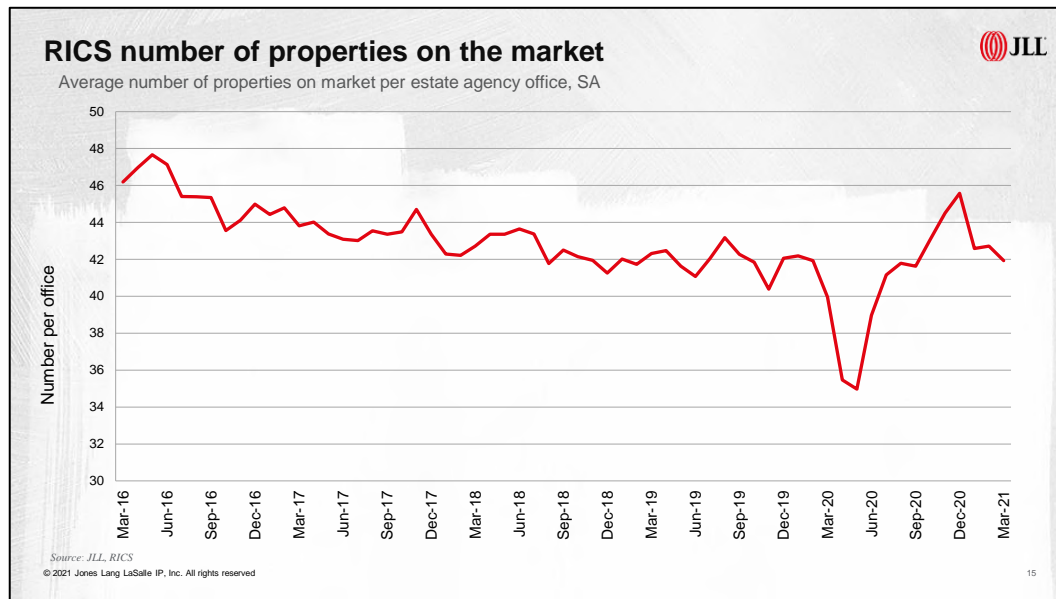


The chart below reveals the difference in the proportion of surveyors who believe that the number of new buyer enquiries, in the last three months, has risen against those who believe that they have fallen. Any figures below zero indicate that more surveyors feel that demand has fallen rather than risen in the last three months. The balance reveals not only the changes in demand but also how quickly levels of demand have moved.

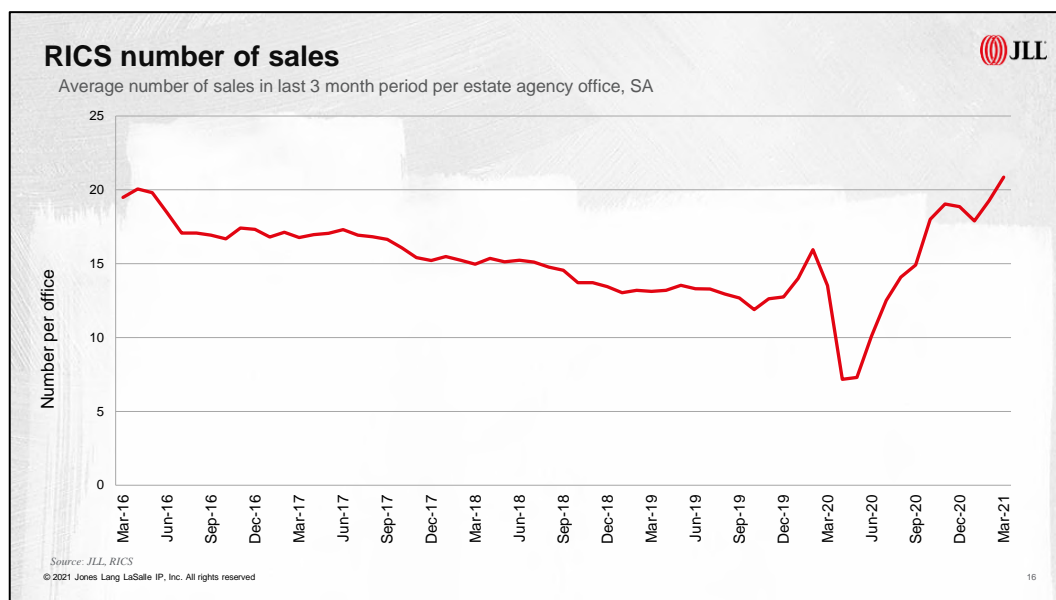
The RICS survey reveals that, on a seasonally adjusted basis, housing demand has fluctuated greatly over the past year. While housing demand fell in January 2021 (-28.0%), it has recovered and reached a balance of +42.8% in March 2021.



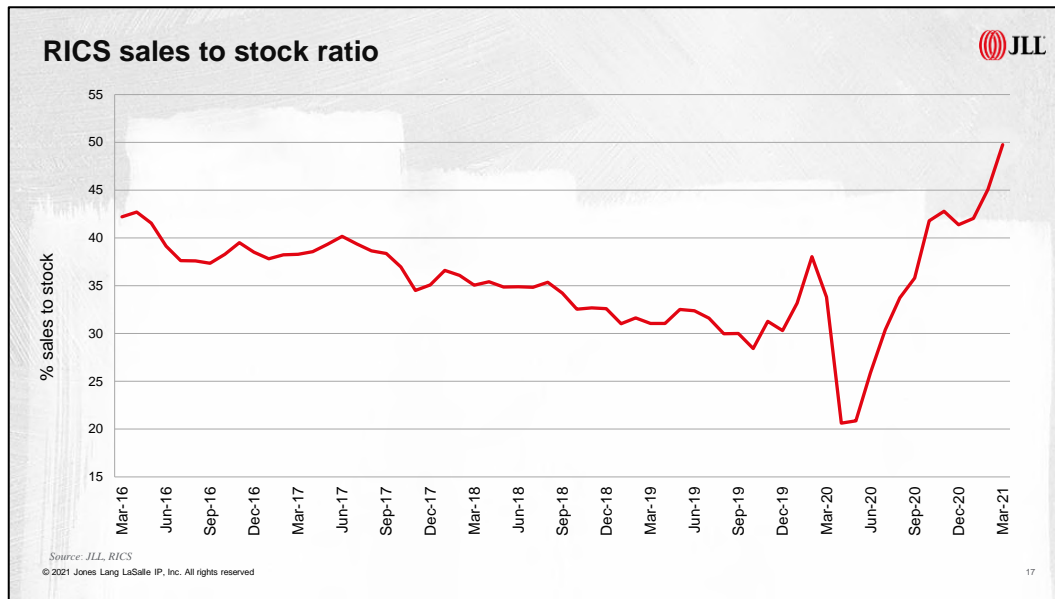
According to the RICS survey, the average number of properties on the market has decreased since December 2020, falling to 41.9 properties per estate agent office, in line with pre-pandemic levels.



The average number of sales per month per estate agency office rose to 22.2 in March 2021. This is up significantly from the average of 7 sales per estate agency office in the three months to May 2020, and is a level of sales activity not seen since mid-2014

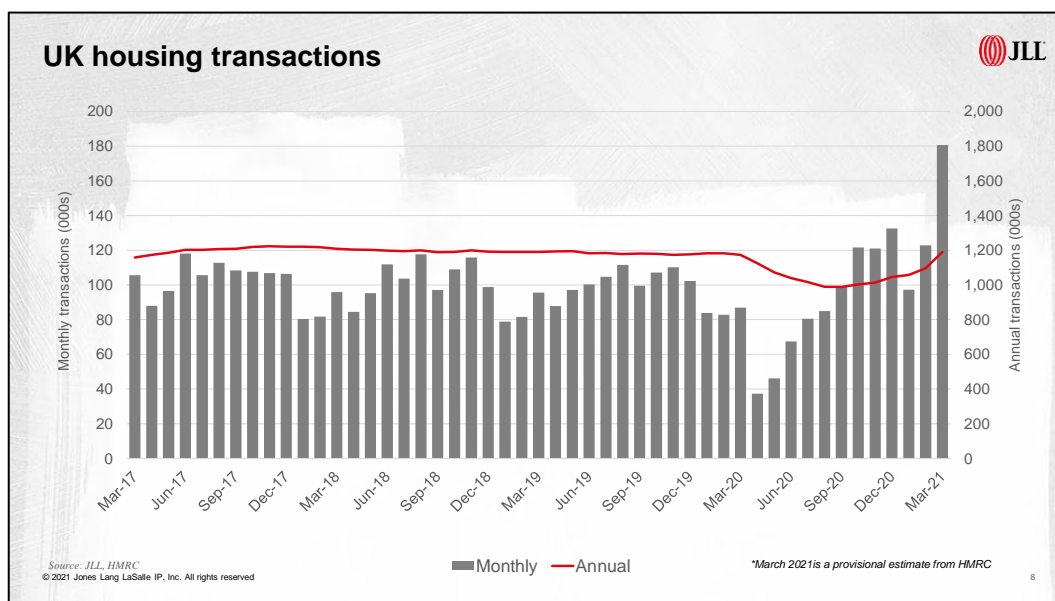


Further data from the RICS survey reveals that the sales to stock ratio has continued to increase in early 2021, reaching 49.8 in March 2021. This is indicative of the pressure being put on supply by the high level of demand.



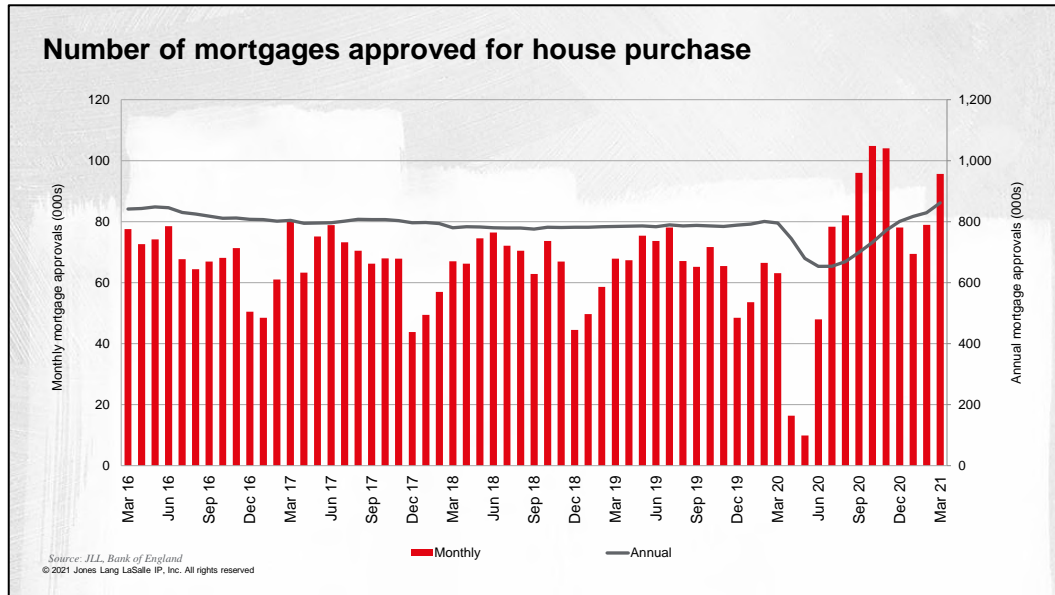
## Housing transactions

HMRC data reveals that transactions have reached unprecedented levels in March 2021. The HMRC provisionally estimates that there were 180,690 transactions in March (NSA). This is a 49.6% increase on February 2021 and a 107.9% increase on March 2020. On an annual basis, transactions to December 2020 are estimated to total 1,190,000, 1.3% above total transactions in the year to March 2020.



## The mortgage market

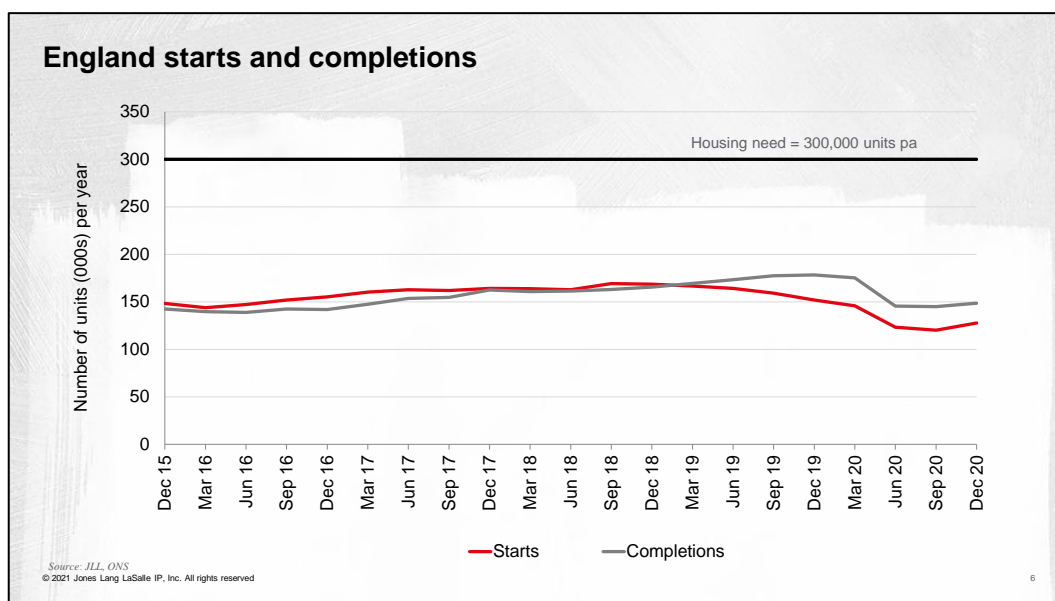
Data from the Bank of England shows that monthly national mortgage approvals have increased 21.2% to 95,696. On an annual basis mortgage lending has surpassed pre-pandemic levels, with the number of mortgages approved to March 2021 8.3% above the number approved to March 2020.



## Housing development

The number of housing starts in England decreased by 15.9% in the year to Q4 2020. There were approximately 127,580 starts in the year to Q4, above the 120,100 starts to Q3 2020 and below the 151,750 to Q4 2019. Annual completions across England decreased by 16.6% in the year to December 2020. There were 148,620 completions, compared with 178,300 a year earlier.

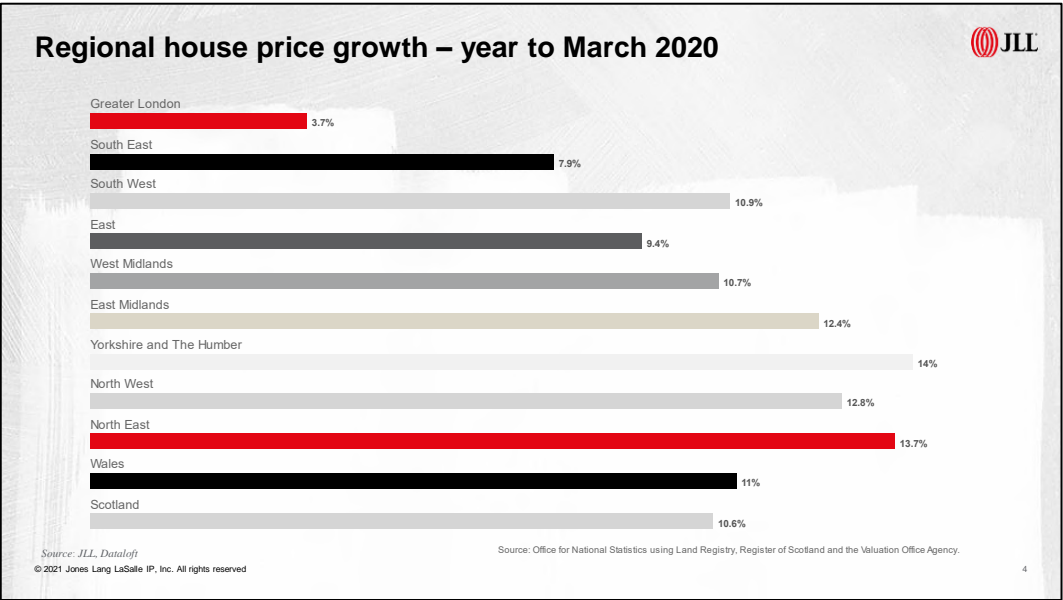
Over the past ten years, housing construction in England has consistently been well below the delivery target of 240,000-300,000 homes per annum.



## Regional house price growth

Data from Land Registry reveals that house prices have increased in all regions in the year to July 2020. Overall, the North and Midlands have seen the most price growth while London has seen the least.

Regional house price growth in Greater London and Yorkshire and the Humber increased by 14.0% in the year to March 2020, the highest increase of any region. This is followed by a rise of 13.7% in the North East and 12.8% in the North West.



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## About JLL

JLL (NYSE: JLL) is a leading professional services firm that specializes in real estate and investment management. Our vision is to reimagine the world of real estate, creating rewarding opportunities and amazing spaces where people can achieve their ambitions. In doing so, we will build a better tomorrow for our clients, our people and our communities. JLL is a Fortune 500 company with annual revenue of \$16.3 billion, operations in over 80 countries and a global workforce of over 90,000 as of December 31, 2018. JLL is the brand name, and a registered trademark, of Jones Lang LaSalle Incorporated. For further information, visit [jll.com](http://jll.com).

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## Taxation

Tax legislation, including in the country where the investor is domiciled or tax resident and in the Issuer's country of incorporation, may have an impact on the income that an investor receives from the Notes.

### United Kingdom Taxation

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

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and the Notes are and continue to be "quoted Eurobonds" for the purposes of section 987 of the Income Tax Act 2007. The definition of a quoted Eurobond changed with effect from 31 December 2020 as a result of legislative amendments made in connection with the United Kingdom's withdrawal from the European Union. Under the amended definition a Note will be a quoted Eurobond provided that it is admitted to trading on a "multilateral trading facility" operated by a "regulated recognised stock exchange". The ISM is a multilateral trading facility for the purposes of the amended section 987, and the London Stock Exchange is expected to be a regulated recognised stock exchange.

Provided, therefore, that the Notes carry a right to interest and are and remain admitted to trading on a multilateral trading facility operated by a regulated recognised stock exchange, interest on the Notes will be payable without deduction of or withholding on account of United Kingdom tax.

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

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

### 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 in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary

market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 (as amended or superseded) are expected to be exempt.

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

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

It is not clear how the FTT would apply to the UK notwithstanding the UK's withdrawal from the European Union.

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

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the relevant Issuer). However, if additional Notes (as described Condition 20 (*Further issues*)) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

## **Subscription and Sale**

The Dealers have, in a Programme Agreement dated 16 July 2021 (as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### **United States**

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

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

The applicable Pricing Supplement will identify whether TEFRA C rules or TEFRA D rules apply.

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

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

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

### **Prohibition of sales to EEA Retail Investors**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by

these Programme Admission Particulars as completed by the applicable Pricing Supplement in relation thereto to any retail investor in the EEA.

For the purposes of this provision:

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

### **United Kingdom**

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

- (a) in relation to any Notes which have a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

### **Republic of Korea**

The Notes have not been and will not be registered under the Financial Investment Services and Capital Markets Act (**FSCMA**). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or 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 (1) year from the date of issuance of the Notes, except:

- (a) to or for the account or benefit of a resident of the Republic of Korea which falls within certain categories of "professional investors" as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure, in the case that the Notes are issued as bonds other than convertible bonds, bonds with warrants or exchangeable bonds, and where other relevant requirements are further satisfied, or
- (b) as otherwise permitted under applicable laws and regulations in the Republic of Korea.

### **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes these Programme Admission Particulars and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Note Trustee and any of the other Dealers shall have any responsibility therefor.

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

## **General Information**

### **Authorisation**

The establishment of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of the Issuer dated 24 June 2021.

### **Admission to trading of Notes**

It is expected that each Tranche of Notes which is to be admitted to trading on the ISM will be admitted separately as and when issued, subject only to the issue of one or more Global Notes initially representing the Notes of such Tranche. Application has been made to the London Stock Exchange for such Notes to be admitted to trading on the ISM. The admission to trading of the Programme in respect of Notes is expected to be granted on or before 19 July 2021.

### **Documents Available**

For the period of 12 months following the date of these Programme Admission Particulars, copies of the following documents will be available for inspection from the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being in London:

- (a) the Rules of the Issuer;
- (b) the Financial Statements (the Issuer currently prepares audited accounts on an annual basis);
- (c) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer, in each case together with any audit or review reports prepared in connection therewith;
- (d) the Note Trust Deed, the Agency Agreement, the Account Agreement, the Retained Note Custody Agreement, the Security Documents and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (e) these Programme Admission Particulars;
- (f) the Valuation Report; and
- (g) any future programme memoranda, offering circulars, prospectuses, information memoranda, supplements, Pricing Supplements to these Programme Admission Particulars and any other documents incorporated herein or therein by reference.

### **Clearing Systems**

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

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



### **Conditions for determining price**

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

### **Issues of Notes**

The Issuer intends to make available details of all issues of Notes under the Programme through a regulatory information service and, to the extent that any such Notes are to be admitted to trading on the ISM, the applicable Pricing Supplement will be published on the website of the London Stock Exchange through a regulatory information service or will be published in such other manner permitted by the ISM Rulebook.

### **Significant Change**

There has been no significant change in the financial or trading position of the Issuer or the Issuer Group, in each case since 31 March 2021.

### **Material Change**

There has been no material adverse change in the prospects of the Issuer or the Issuer Group, in each case since 31 March 2021.

### **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 these Programme Admission Particulars which may have, or have in such period had, a significant effect on the ability of the Issuer to meet its obligations to Noteholders.

### **Auditors**

The auditors of the Issuer are BDO LLP, Chartered Accountants, of 55 Baker Street, London W1U 7EU, who have audited the Issuer's statutory accounts, without qualification, in accordance with generally accepted auditing standards in the UK for each of the two financial years ended on 31 March 2021 and 31 March 2020. The auditors of the Issuer have no material interest in the Issuer.

### **Certifications**

The Note Trust Deed provides that any certificate or report of the Auditors or Valuers (each as defined in the Note Trust Deed) or any other person called for by, or provided to, the Note Trustee (whether or not addressed to the Note Trustee) in accordance with or for the purposes of the Note Trust Deed may be relied upon by the Note Trustee as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Note Trustee in connection therewith contains a monetary or other limit on the liability of the Auditors or Valuers (as the case may be) or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by any engagement or similar letter or by the terms of the certificate or report itself.

### **Post-issuance information**

Save as set out in the Pricing Supplement, the Issuer does not intend to provide any post-issuance information in relation to any issue of Notes or the Series Security, other than as is required pursuant to

Condition 5.1(e) (*Information Covenant*) (in respect of Secured Notes) or Condition 5.2(c) (*Information Covenant*) (in respect of Unsecured Notes) and as described in "Use of Proceeds and Sustainable Financing Framework" above.

### **Dealers transacting with the Issuer or Charging Group Members**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other financial advisory and other services for the Issuer and/or any Charging Group Member and their respective affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and/or any Charging Group Member and their respective affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. Certain of the Dealers may from time to time also enter into swap and other derivative transactions with the Issuer and/or any Charging Group Member and their respective affiliates.

In addition, in the ordinary course of their business activities, the Dealers and their 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 its affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer and/or any Charging Group Member routinely hedge their credit exposure to the Issuer and/or any Charging Group Member consistent with their customary risk management policies. Typically, such Dealers and their 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 Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their 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.

### **Note Trustee's action**

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

### **Potential Conflicts of Interest**

Each of the Programme Parties (other than the Issuer) and their affiliates in the course of each of their respective businesses may provide services to other Programme 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 Programme Parties and their affiliates or between such Programme Parties and their affiliates and such third parties. Each of the Programme 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 Programme Party.

**Yield**

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Pricing Supplement. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

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