

CONFORMED COPY

LOAN FACILITY AGREEMENT STANDARD TERMS

21st September, 2018

**CLARION TREASURY LIMITED
as Group Borrower**

and

**CLARION FUNDING PLC
as Loan Facility Provider**

and

**PRUDENTIAL TRUSTEE COMPANY LIMITED
as Security Trustee**

ALLEN & OVERY

Allen & Overy LLP

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THESE LOAN FACILITY AGREEMENT STANDARD TERMS are signed for the purpose of identification by:

- (1) for and on behalf of **CLARION TREASURY LIMITED** as **Group Borrower**
- (2) for and on behalf of **CLARION FUNDING PLC** as **Loan Facility Provider**
- (3)for and on behalf of **PRUDENTIAL TRUSTEE COMPANY LIMITED** as **Security Trustee**

The Loan Facility Provider and the Group Borrower will enter into each Loan Facility Agreement relating to any Series of Notes first issued on or after the Programme Date on the basis of these loan facility agreement standard terms dated 21st September, 2018 as amended and restated for the purposes of the Programme in the form set out herein.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Subject to Clause 1.2 (*Incorporation of the Loan Transaction Terms*), in the Loan Facility Agreement the following terms have the meanings given to them in this Clause 1.1 (*Definitions*):

Accession Deed means a duly executed accession deed by which a new guarantor may accede to the Deed of Guarantee or Deed of Covenant;

Accession Memorandum means a duly executed accession memorandum by which a new obligor accedes to the Security Trust Deed;

Account Agreement means the account agreement dated 21st September, 2018 between the Loan Facility Provider, the Account Bank and the Note Trustee;

Account Bank means National Westminster Bank Public Limited Company, in its capacity as the bank at which each Transaction Account and each Cash Security Account in relation to a Series is held in accordance with the terms of the Account Agreement and any successor account bank appointed in accordance with the Account Agreement;

Account Charge means the charge granted by the Loan Facility Provider to the Note Trustee under the Note Trust Deed over a Cash Security Account;

Additional Business Centre(s) means the city or cities specified as such in the Loan Transaction Terms;

Additional Financial Centre(s) means the city or cities specified as such in the Loan Transaction Terms;

Additional Guarantors means such person or persons acting as guarantors of the Obligations as may accede to the Deed of Guarantee from time to time pursuant to clause 10 (*Accession to Deed of Guarantee*) thereof and **Additional Guarantor** means any one of them;

Advance means an advance made or to be made by the Loan Facility Provider pursuant to and in accordance with the terms of the Loan Facility Agreement and **Advances** means more than one of them;

Agent Bank means The Bank of New York Mellon, London Branch, at One Canada Square, London E14 5AL in its capacity as agent bank in accordance with the terms of the Agency Agreement, and any successor agent bank thereto appointed in accordance with the Agency Agreement;

Agreement Date means the date of a Subscription Agreement;

Ancillary Documents means the valuations, reports or certificates of title held by the Security Trustee and/or the Loan Facility Provider in respect of the Security Assets;

Agency Agreement means the amended and restated agency agreement entered into between the Loan Facility Provider, the Paying Agents, the Agent Bank and the Note Trustee on the Programme Date;

Anniversary means an anniversary of the relevant Series Closing Date;

Apportioned Part has the meaning given to it in the Security Trust Deed;

Approved Tenancy has the meaning given to that term in the Security Trust Deed;

Asset Cover Test means the NAB Asset Cover Test or the SAB Asset Cover Test, as applicable, as set out in Clauses 12.1(a) and 12.1(b) (*Financial Covenants*), respectively;

Auditors means KPMG LLP or such other firm of auditors as may from time to time be appointed by the relevant Obligor which has recognised experience in the auditing of Registered Providers of Social Housing;

Authorised Signatory means, in respect of a certificate to be signed by the Group Borrower, a director or any senior executive officer of the Group Borrower or, in respect of a certificate to be signed by a Guarantor, a board member, director or any senior executive office of such Guarantor;

BACS means the Banks Automated Clearing System;

Benchmark Gilt has the meaning given to it in the Conditions;

Beneficiaries means the Guarantee Beneficiaries and the Security Beneficiaries and **Beneficiary** means each of them;

Benefit in respect of any asset, agreement, property, Charged Property or right (each a **Right** for the purpose of this definition) held, assigned, conveyed, transferred, charged, sold or disposed of by any person shall be construed so as to include:

- (a) all right, title, interest and benefit, present and future, actual and contingent (and interests arising in respect thereof) of such person in, to, under and in respect of such Right and all ancillary rights in respect of such Right;
- (b) all monies and proceeds payable or to become payable under, in respect of, or pursuant to such Right or its ancillary rights and the right to receive payment of such monies and proceeds and all payments made including, in respect of any bank account, all sums of money which may at any time be credited to such bank account together with all interest accruing from time to time on such money and the debts represented by such bank account;
- (c) the benefit of all covenants, undertakings, representations, warranties and indemnities in favour of such person contained in or relating to such Right or its ancillary rights;

- (d) the benefit of all powers of and remedies for enforcing or protecting such person's right, title, interest and benefit in, to, under and in respect of such Right or its ancillary rights, including the right to demand, sue for, recover, receive and give receipts for proceeds of and amounts due under or in respect of or relating to such Right or its ancillary rights; and
- (e) all items expressed to be held on trust for such person under or comprised in any such Right or its ancillary rights, all rights to deliver notices and/or take such steps as are required to cause payment to become due and payable in respect of such Right and its ancillary rights, all rights of action in respect of any breach of or in connection with any such Right and its ancillary rights and all rights to receive damages or obtain other relief in respect of such breach;

Business Day means, in respect of a Loan Facility:

- (a) (if the Loan Facility is denominated in Sterling) a London Business Day;
- (b) (if the Loan Facility is denominated in Euros) a TARGET2 Settlement Day and a London Business Day; or
- (c) (if the Loan Facility is denominated in U.S. dollars) a London Business Day and a day on which commercial banks and foreign exchange markets settle payments in New York City,

and, in each case, a day on which commercial banks and foreign exchange markets settle payments in any Additional Business Centre(s) specified in the Loan Transaction Terms;

Business Day Convention, in relation to any particular date, has the meaning given in the Loan Transaction Terms and, if so specified in the Loan Transaction Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) **Following Business Day Convention** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) **Modified Following Business Day Convention** or **Modified Business Day Convention** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) **Preceding Business Day Convention** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) **FRN Convention, Floating Rate Convention** or **Eurodollar Convention** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the Loan Transaction Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
 - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day

falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(e) **No Adjustment** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

Cash Security Account means, in respect of any Loan Facility, an account (if any) of the Loan Facility Provider established in accordance with the Account Agreement or another account agreement in respect of Charged Cash in respect of such Loan Facility;

Certificate of Title has the meaning given to that term in the Security Trust Deed, provided that the disclosures contained in each Certificate of Title will be subject to the disclosures contained in any reliance or top-up letters amending or updating the disclosures contained in such Certificate of Title;

CHAPS means the Clearing House Automated Payment System;

Change of Law means a change occurring after the date of the Loan Facility Agreement in respect of the corresponding Series of Notes to the applicable law in England and Wales such that the provisions of Part II of the Insolvency Act 1986 shall apply to a Guarantor or any similar provision in each case the effect of which would be to permit a moratorium in respect of the Security Trustee enforcing any Security Document;

Charged Cash means, in respect of each Loan Facility, at any time, the amounts standing to the credit of the Cash Security Account (if any) at such time for the purpose of compliance by the Group Borrower with the terms of the relevant Loan Facility Agreement;

Charged Property means each Residential Property charged by a Guarantor to the Security Trustee under a Fixed Charge as security for that Guarantor's obligations under the Deed of Guarantee, and all buildings, fixtures, fittings (other than tenants' fixtures and fittings) and fixed plant and machinery from time to time thereon (together, the **Charged Properties**);

Clarion Housing Group means the Group Parent (or any other body succeeding it as parent of the Clarion Housing Group) and each of its Subsidiaries;

Companies Act has the meaning given to the term "Companies Acts" in Section 2 of the Companies Act 2006, with the addition of the words "to the extent they are in force" at the end of Section 2(1)(a);

Compliance Certificate means a certificate given to the Loan Facility Provider and the Note Trustee pursuant to Clause 8.2(d) substantially in the form set out in Schedule 4 (*Form of Compliance Certificate*);

Conditions means, in respect of any Loan Facility funded by the Loan Facility Provider by the issue proceeds from a Series of Notes, the Conditions of that Series as supplemented, amended and/or replaced by the relevant Final Terms in respect of such Series of Notes and as any of the same may from time to time be modified in accordance with the Note Trust Deed and any reference to a particular numbered **Condition** shall be construed in relation to such Note accordingly;

Conditions Precedent Document means each of the Group Borrower Conditions Precedent Documents, the Guarantor Conditions Precedent Documents and the Legal Charges Conditions Precedent Documents;

Couponholders has the meaning given to it in the Conditions;

Day Count Fraction means, in respect of the calculation of an amount for any period of time (the **Loan Calculation Period**), such day count fraction as may be specified in the Loan Facility Agreement Standard Terms or the Loan Transaction Terms and:

- (a) if **Actual/Actual (ICMA)** is so specified, with respect to a Fixed Advance, means:
 - (i) where the Loan Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Loan Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (ii) where the Loan Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Loan Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Loan Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (b) if **Actual/Actual (ISDA)** or **Actual/Actual** is so specified, with respect to a Floating Advance, means the actual number of days in the Loan Calculation Period divided by 365 (or, if any portion of that Loan Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Loan Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Loan Calculation Period falling in a non-leap year divided by 365);
- (c) if **Actual/365 (Sterling)** is so specified, means the actual number of days in the Loan Calculation Period divided by 365 or, in the case of a Note Payment Date falling in a leap year, 366;
- (d) if **Actual/365 (Fixed)** is so specified, means the actual number of days in the Loan Calculation Period divided by 365;
- (e) if **Actual/360** is so specified, means the actual number of days in the Loan Calculation Period divided by 360;
- (f) if **30/360**, **360/360** or **Note Basis** is so specified, with respect to a Floating Advance, the number of days in the Loan Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

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

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

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

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

D₁ is the first calendar day, expressed as a number, of the Loan Calculation 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 Loan Calculation Period, unless such number would be 31 and **D₁** is greater than 29, in which case **D₂** will be 30;

- (g) if **30/360** is so specified, with respect to a Fixed Advance means the number of days in the Loan Calculation Period (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;
- (h) if **30E/360** or **Eurobond Basis** is so specified means, the number of days in the Loan Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

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

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

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

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

D₁ is the first calendar day, expressed as a number, of the Loan Calculation 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 Loan Calculation Period, unless such number would be 31, in which case **D₂** will be 30; and

- (i) if **30E/360 (ISDA)** is so specified, the number of days in the Loan Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

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

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

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

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

D₁ is the first calendar day, expressed as a number, of the Loan Calculation 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 Loan Calculation Period, unless (i) that day is the last day of February but not the Final Maturity Date or (ii) such number would be 31, in which case **D₂** will be 30;

Dealer means, in relation to a Series of Notes, each person named as a manager in the relevant Final Terms to whom Notes in such Series may be sold in accordance with the terms of the Programme Agreement;

Deed of Covenant means the deed of covenant dated 24th May, 2007 as amended and restated on 29th November, 2016 between, *inter alios*, the Group Borrower and other parties from time to time;

Deed of Guarantee means the deed of guarantee dated 24th May, 2007 amended and restated on 29th November, 2016 between, *inter alios*, the Security Trustee, the Group Borrower and other parties from time to time;

Designated Agreement means an agreement, as amended, restated, novated or supplemented from time to time, entered into between the Group Borrower and the Guarantee Beneficiaries which is designated by the Group Borrower and the Guarantors as a "Designated Agreement" for the purposes of the Deed of Guarantee;

Desk Top Valuation means, in relation to the Charged Properties, a valuation of those properties addressed to, *inter alios*, the Loan Facility Provider (with a copy to the Security Trustee and the Note Trustee) provided by a Valuer on a "desk-top" basis;

Disbursement Account means the bank account in the name of the Group Borrower with the Group Borrower Account Bank, sort code 60-15-31, account number 68272995, designated as the **Clarion Treasury Disbursement Account** and denominated in Sterling, or such other account as may be designated as such by the Group Borrower and the Security Trustee, and any renewal or redesignation thereof;

Drawdown Prospectus means an offering document prepared in connection with a particular Series of Notes issued under the Programme which shall incorporate, directly or by reference, all relevant details in relation to such Series of Notes, and will constitute a prospectus for the purposes of Article

5.4 of the Prospectus Directive, as revised, supplemented or amended from time to time, including any documents incorporated in the Drawdown Prospectus by reference;

Encumbrances means:

- (a) any mortgage, charge (including any floating charge), pledge, lien or other encumbrance securing any obligation of any person or granting any security to a third party; or
- (b) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect and **Encumbrance** means any one of them;

EUV-SH means a valuation made on the basis of existing use value for social housing ("EUV-SH") as defined by the RICS at UKVS1.12 of the RICS Valuation Professional Standards January 2014 (revised April 2015) (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) or, if the RICS Valuation Standards are no longer published at such time, on a basis agreed between the Loan Facility Provider, the Security Trustee and a Valuer, and **EUV-SH Charged Properties** shall be construed accordingly;

Existing Guarantor means Clarion Housing Association Limited;

Facility Office means the office or offices notified by the Loan Facility Provider to the Group Borrower in writing on or before the date it becomes the Loan Facility Provider (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under the Loan Facility Agreement;

Final Maturity Date has the meaning given to it in the Loan Transaction Terms;

Final Terms has the meaning given to it in the Conditions;

Finance Documents means, at any time, the Deed of Guarantee, these Loan Facility Agreement Standard Terms, each Loan Transaction Terms and each other agreement which at that time has been designated as a Finance Document by the Group Borrower and the Loan Facility Provider;

Financial Year means the financial year of the Group Borrower or each Guarantor as determined by the audited accounts of the Group Borrower or such Guarantor;

First Desk Top Valuation Year has the meaning given to it in the Loan Transaction Terms;

First Full Valuation Year has the meaning given to it in the Loan Transaction Terms;

Fixed Advance means an Advance in respect of which interest is to be calculated on the basis set out in Clause 5.5 (*Calculation of Loan Interest Amount for Fixed Advances*);

Fixed Charge means each fixed charge entered into or to be entered into between a Guarantor and the Security Trustee under which that Guarantor grants in favour of the Security Trustee as security over the relevant Charged Properties, a first fixed legal charge over a Residential Property or Residential Properties, including each Supplemental Fixed Charge in the form attached in schedule 6 (*Form of Fixed Charge*) or schedule 7 (*Form of Supplemental Fixed Charge*) to the Security Trust Deed and **Fixed Charges** means all of them;

Floating Advance means an Advance in respect of which interest is to be calculated on the basis set out in Clause 5.6 (*Interest on Floating Advances*);

Floating Charge means any floating charge created in favour of the Security Trustee by a Guarantor which is a company incorporated under the Companies Act;

Full Valuation means, in relation to the Charged Properties, the New Properties or the Substitute Properties, a valuation of those properties addressed to, *inter alios*, the Security Trustee provided by a Valuer containing such information as is relevant to the portfolio of the Charged Properties, the New Properties or the 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 Security Trustee and the Loan Facility Provider, 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;

Grant means a grant payable under Section 50 of the Housing Act 1988 or Sections 19 or 35 of the Housing and Regeneration Act or any replacement or substitute grant payable under any other law applicable to Registered Providers of Social Housing or to housing associations;

Group Borrower means Clarion Treasury Limited, a limited liability company with registration number 06133979 having its registered office at Level 6, 6 More London Place, London SE1 2DA, in its capacity as borrower under the Loan Facility Agreement;

Group Borrower Account Bank means National Westminster Bank Public Limited Company;

Group Borrower Conditions Precedent Documents means the documents listed in Schedule 1 (*Group Borrower Conditions Precedent Documents*) as amended or supplemented by the Loan Transaction Terms;

Group Borrower Security Deed means the security deed dated 24th May, 2007 between the Group Borrower and the Security Trustee;

Group Parent means Clarion Housing Group Limited, a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014 (registered number 28038R with its registered office at Level 6, 6 More London Place, London SE1 2DA), or any other body succeeding it as parent of the Clarion Housing Group;

Guarantee Beneficiaries means the persons named as beneficiaries under the Deed of Guarantee and such other persons as become beneficiaries from time to time under the Deed of Guarantee and each such person shall be a **Guarantee Beneficiary**;

Guarantor Accession Notice means an agreement substantially in the form of Schedule 9 (*Form of Guarantor Accession Notice*) to the Deed of Guarantee.

Guarantor Conditions Precedent Documents means the documents listed in Schedule 2 (*Guarantor Conditions Precedent Documents*) as amended or supplemented by the Loan Transaction Terms;

Guarantor Resignation Notice means an agreement substantially in the form of Schedule 10 (*Form of Guarantor Resignation Notice*).

Guarantors means the Existing Guarantor and the Additional Guarantors and **Guarantor** means any one of them;

HCA means the Homes and Communities Agency constituted pursuant to Part I of the Housing and Regeneration Act 2008 or any similar or replacement body carrying on all or part of the same functions;

Housing and Regeneration Act means the Housing and Regeneration Act 2008;

Interest Determination Date means, with respect to an Interest Rate and Loan Interest Period (save as otherwise specified in the Loan Transaction Terms), the date specified as such in the Loan Transaction Terms or, if none is so specified:

- (a) (in the case of an Advance denominated in Sterling) each Payment Date or, in the case of the first Loan Interest Period, the relevant Series Closing Date;
- (b) (in the case of an Advance denominated in Euros), each day which is two TARGET2 Settlement Days prior to a Payment Date or, in the case of the first Loan Interest Period, two TARGET2 Settlement Days prior to the relevant Series Closing Date; and
- (c) (in the case of an Advance denominated in U.S. dollars or any Notes issued in a Specified Currency other than Sterling or Euros), each day which is two London Business Days prior to a Payment Date or, in the case of the first Loan Interest Period, two London Business Days prior to the relevant Series Closing Date,

and, in relation to a Loan Interest Period, the **related Interest Determination Date** means: (x) (in the case of an Advance denominated in Sterling), the Interest Determination Date which falls on the first day of such Loan Interest Period; or (y) (in the case of an Advance denominated in any other Specified Currency) the relevant Interest Determination Date immediately preceding the commencement of such Loan Interest Period;

Interest Rate means, in respect of a Fixed Advance, the Interest Rate specified in the Loan Transaction Terms and, in the case of a Floating Advance, the Interest Rate calculated in accordance with Clause 5 (*Interest*);

ISDA 2006 Definitions means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the first Series Closing Date;

Issuer Expenses means amounts due and payable by the Loan Facility Provider: (a) to the Paying Agents and the Agent Bank under the Agency Agreement, to the Account Bank under the Account Agreement, then (b) to the independent accountants, agents and counsel of the Loan Facility Provider for fees and expenses (including amounts payable in connection with the preparation of tax forms on behalf of the Loan Facility Provider and any registered office fees), then (c) any other person in respect of any governmental fee, charge or tax, then (d) to any Dealers in respect of any amounts payable in respect of indemnities under the Programme Agreement and the relevant Subscription Agreement, then (e) to the Rating Agencies (in respect of fees and expenses in connection with the ratings of the Notes, including the annual fees payable to the Rating Agencies for monitoring such rating), then (f) to the Financial Conduct Authority in respect of the listing of the Notes, and then (g) to any other person in respect of any other fees or expenses (including indemnities) permitted under the Note Trust Deed and the documents delivered pursuant to or in connection with the Note Trust Deed and the Notes;

Issuer Programme Transaction Documents means the Note Trust Deed, the Agency Agreement, the Account Agreement and the Programme Agreement;

Issuer Series Transaction Documents means, in respect of each Series, the Loan Facility Agreement, the Subscription Agreement, the Account Charge entered into in connection with such Series and other documents referred to as an **Issuer Series Transaction Document** in the Final Terms;

Issuer Transaction Documents means the Issuer Programme Transaction Documents and the Issuer Series Transaction Documents and **Issuer Transaction Document** means any one of them;

Legal Charges Conditions Precedent Documents means the documents listed in Schedule 3 (*Legal Charges Conditions Precedent Documents*) as amended or supplemented by the Loan Transaction Terms;

Loan Events of Default means any circumstances described as such in Clause 16 (*Loan Events of Default*) and **Loan Event of Default** means any one of them;

Loan Facilities means each term loan facility made available under the Loan Facility Agreement as described in Clause 2 (*The Loan Facility*) and clause 3 (*Grant of Loan Facilities*) of the Loan Transaction Terms and **Loan Facility** means one of them;

Loan Facility Provider means:

- (a) Clarion Funding plc, a public limited company, incorporated under the laws of England and Wales under (registered number 10922187) with its registered office at Level 6, 6 More London Place, London SE1 2DA; or
- (b) following any transfer in accordance with Clause 22 (*Transfers*) any bank, financial institution, trust, fund or other entity which has become a Party as lender;

Loan Interest Amount means (a) in respect of a Floating Advance for the Loan Interest Period beginning on the relevant Series Closing Date, the interest calculated on the first Interest Determination Date; and in respect of a Floating Advance for any subsequent Loan Interest Period, the interest calculated on the related Interest Determination Date and (b) in respect of a Fixed Advance, means the interest calculated in accordance with Clause 5.4 (*Interest on Fixed Advances*);

Loan Interest Commencement Date means the Series Closing Date or such other date as may be specified as the Loan Interest Commencement Date in the Loan Transaction Terms;

Loan Interest Period means each period from (and including) a Payment Date (or in respect of the first Loan Interest Period, from and including the Series Closing Date) to (but excluding) the next (or first) Payment Date in relation to the related Series of Notes. The last Loan Interest Period shall end on (but exclude) the Final Maturity Date of such Advance;

Loan Transaction Terms means, in relation to the Loan Facilities, the loan transaction terms entered into from time to time between the Group Borrower and the Loan Facility Provider dated on or about each Series Closing Date;

London Business Day means a day on which commercial banks and foreign exchange markets settle payments in London;

Margin has the meaning given to it in the Loan Transaction Terms;

Midlands Pilot Scheme means the regional pilot right to buy scheme for tenants of Registered Providers of Social Housing announced by the UK Government in the Autumn Statement 2016 and the Autumn Budget 2017, with guidance in respect thereof entitled "*Voluntary Right to Buy – Midlands Pilot: Guidance for housing associations*" published in May 2018 by the Minister of State for Housing;

Minimum Value of the NAB Charged Properties means, in respect of each Series unless otherwise specified in the Loan Transaction Terms;

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

where:

A = the Value of the EUV-SH NAB Charged Properties for such Series on the basis of EUV-SH;
and

B = the Value of the MV-ST NAB Charged Properties for such Series on the basis of MV-ST.

For the avoidance of doubt, the Charged Properties shall be treated as EUV-SH NAB Charged Properties for the purpose of determining the Minimum Value of the NAB Charged Properties, 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 each such Charged Property and, on the basis of which, the Valuer is of the opinion that it may be disposed of by the relevant Guarantor on an unfettered basis (meaning subject to any existing tenancies but otherwise with vacant possession and not subject to any security interest, option or other encumbrance or to any restriction preventing its sale to, or use by, any person for residential use);

Minimum Value of the SAB Charged Properties means, in respect of each Series unless otherwise specified in the Loan Transaction Terms:

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

where:

A = the Value of the EUV-SH SAB Charged Properties which have been charged as security for the Group Borrower's obligations pursuant to the Loan Facility Agreement for such Series valued on the basis of EUV-SH; and

B = the Value of the SAB Charged Properties which have been charged as security for the Group Borrower's obligations pursuant to the Loan Facility Agreement for such Series valued on the basis of MV-ST.

For the avoidance of doubt, the Charged Properties shall be treated as EUV-SH SAB Charged Properties for the purpose of determining the Minimum Value of the SAB Charged Properties 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 each such Charged Property and, on the basis of which, the Valuer is of the opinion that it may be disposed of by the relevant Guarantor on an unfettered basis (meaning subject to any existing tenancies but otherwise with vacant possession and not subject to any security interest, option or other encumbrance or to any restriction preventing its sale to, or use by, any person for residential use);

MV-ST means a valuation made on the basis of the current Market Value as defined by the RICS at VPS4 1.2 of the RICS Valuation Professional Standards January 2014 (revised April 2015) (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 Loan Facility Provider, the Security Trustee and a Valuer;

NAB Administration Agreement means the numerical apportionment administration agreement dated 29th November, 2016 entered into by the parties to the Security Trust Deed;

NAB Apportionment Certificate has the meaning given to that term in the NAB Administration Deed.

NAB Asset Cover Test has the meaning given to that term in Clause 12.1(a) (*Financial Covenants*);

NAB Charged Properties has the meaning given to that term in the Security Trust Deed;

New Properties has the meaning given to it in Clause 6.1 (*Addition of New Charged Properties*);

New Property Approval Certificate means a certificate substantially in the form of Schedule 8 (*Form of New Property Approval Certificate*);

Nominated Financial Adviser has the meaning given to it in the Conditions;

Note Interest Period has the meaning given to the term "Interest Period" in the Conditions;

Note Trust Deed means the amended and restated note trust deed dated the Programme Date entered into between the Loan Facility Provider and the Note Trustee and any document expressed to be supplemental to such security deed (in each case, as amended and restated from time to time);

Note Trustee means Prudential Trustee Company Limited, with its registered office at Laurence Pountney Hill, London EC4R 0HH, in its capacity as Note Trustee in accordance with the terms of the Note Trust Deed;

Notes means the notes of a Series issued by the Loan Facility Provider under the Programme, the proceeds of which have been used by the Loan Facility Provider to fund the Loan Facility;

Noteholders has the meaning given to it in the Conditions;

Notice of New Guarantee Beneficiary means the notice by which a New Guarantee Beneficiary (as defined in the Deed of Guarantee) accedes to the Deed of Guarantee as a Guarantee Beneficiary;

Numerical Apportionment Basis means the numerical apportionment basis set out in the NAB Administration Agreement;

Obligations means all obligations at any time due, owing or incurred by any Obligor to the Loan Facility Provider under the Finance Documents and the Security Documents, whether present or future, actual or contingent (and whether incurred solely or jointly and whether as principal or surety or in some other capacity);

Obligor means the Group Borrower and each Guarantor;

Offering Circular means the Offering Circular dated 21st September, 2018 prepared in connection with the Programme, as revised, supplemented or amended from time to time by the Loan Facility Provider in accordance with the Programme Agreement and including any Drawdown Prospectus in which it is or any part of it is incorporated by reference and any documents which are from time to time incorporated in the Offering Circular by reference except that:

- (a) in relation to each Series of Notes only the relevant Final Terms shall be deemed to be included in the Offering Circular; and
- (b) without prejudice to paragraph (a) above, for the purposes of the clause 4 (*Representations, Warranties and Undertakings of the Issuer, the Group Borrower and the Borrowers*) of the Programme Agreement in respect of the Agreement Date and the Series Closing Date, the Offering Circular means the Offering Circular as at the Agreement Date, but not including any subsequent revision, supplement or amendment to it nor including any Drawdown Prospectus in which it is incorporated by reference or incorporation of any other information into it;

On-Loan Agreement means any agreement made between the Group Borrower and any Guarantor(s) pursuant to which the Group Borrower will on-lend the proceeds of the Loan Facility Agreement to such Guarantor(s) on the terms and subject to the conditions thereof, as the same may be replaced, amended, supplemented or varied from time to time;

Party means a party to the Loan Facility Agreement;

Paying Agents means the Principal Paying Agent and any other paying agent appointed by the Loan Facility Provider in accordance with the terms of the Agency Agreement, and any successor paying agent thereto appointed in accordance with the Agency Agreement, and **Paying Agent** means each of them;

Payment Date means the date or dates specified as such in, or determined in accordance with the provisions of the Loan Transaction Terms and, if a Business Day Convention is specified in the Loan Transaction Terms:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the Loan Transaction Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Loan Interest Commencement Date (in the case of the first Payment Date) or the previous Payment Date (in any other case);

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

Permitted Security means the charges over certain bank accounts contained in the charges dated 27th March, 2015 granted by the Group Borrower in favour of each of Abbey National Treasury

Services plc, Barclays Bank PLC, Bank of Scotland plc, Lloyds Bank plc, Nationwide Building Society, The Royal Bank of Scotland plc and Triodos Bank NV.

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

Principal Financial Centre means, in relation to any currency, the principal financial centre for that currency provided, however, that in relation to Euro, it means the principal financial centre of such Member State of the European Communities as is selected by the Agent Bank;

Principal Paying Agent means The Bank of New York Mellon, London Branch at One Canada Square, London E14 5AL, in its capacity as principal paying agent in respect of the Notes in accordance with the terms of the Agency Agreement, and any successor principal paying agent thereto appointed in accordance with the Agency Agreement;

Programme means the £3,000,000,000 Secured Euro Medium Term Note Programme of the Loan Facility Provider for the issuance of notes;

Programme Agreement means the amended and restated programme agreement dated the Programme Date entered into between the Loan Facility Provider and the Dealers (as defined therein);

Programme Date means 21st September, 2018;

Property means all estates or interests of a Guarantor 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 Certificate means a certificate substantially in the form of Schedule 6 (*Form of Property Release Certificate*);

Prospectus Directive means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in a relevant Member State of the European Economic Area;

Public Sector Subsidy means a Social Housing Grant or any other grant, loan or subsidy (whether taking the form of money or money's worth including, without limitation, land) provided by (a) a body which is a public sector authority as defined in section 573 of the Housing Act 1985 other than a Registered Provider of Social Housing, (b) a body which is a development corporation as defined by sections 4(1)(c) or (d) of the Housing Act 1985, (c) a District Health Authority as defined in section 3 of the Health Authorities Act 1995 (Amendment of Transitional Provisions and Modification of References) Order 1996 (SI 1996/971) or a Strategic Health Authority as established under section 13 of the National Health Services Act 2006, (d) a housing action trust within the meaning of the Housing Act 1988; (e) the HCA (including, Homes England) or the National Lottery Commission; or (f) any other public sector body agreed between the Group Borrower and the Security Trustee from time to time; or (g) any other grant which the Auditors consider equivalent to Social Housing Grant for the purposes of a relevant entity's audited accounts but in each case in all material respects no more onerous than a Social Housing Grant in its terms for repayment and ranking no higher in point of security in the winding up of the relevant entity.

Rating Agencies means, at any time, Moody's Investors Service Limited and any other such rating agency which is rating the Programme or any Series of Notes at the relevant time and **Rating Agency** means any one of such Rating Agencies;

Receipts Account means the bank account in the name of the Group Borrower with the Group Borrower Account Bank, sort code 60-15-31, account number 68272979, designated as the **Clarion Treasury Receipts Account** and denominated in Sterling, or such other account as may be designated as such by the Group Borrower and the Security Trustee, and any renewal or redesignation thereof;

Receiver means a receiver, manager or 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 Loan Facility Provider;

Reference Banks means the principal London office of four major banks selected by the Agent Bank at the relevant time;

Reference Rate has the meaning given to it in the Loan Transaction Terms;

Registered Provider of Social Housing means a person listed in the register of providers of social housing established under Chapter 3 of Part 2 of the Housing and Regeneration Act 2008 (as amended from time to time) or any replacement or successor legislation thereto, provided that if such legislation is repealed and not replaced or succeeded, the term Registered Provider of Social Housing shall be given such meaning as the Security Trustee (after consultation with the Loan Facility Provider) considers to correspond to such meaning as at the date that such legislation is repealed;

Regular Period means:

- (a) in the case of an Advance where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Payment Date and each successive period from and including one Payment Date to but excluding the next Payment Date;
- (b) in the case of an Advance where, apart from the first Loan Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **Regular Date** means the day and month (but not the year) on which any Payment Date falls; and
- (c) in the case of an Advance where, apart from one Loan Interest Period other than the first Loan Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **Regular Date** means the day and month (but not the year) on which any Payment Date falls other than the Payment Date falling at the end of the irregular Loan Interest Period;

Regulator of Social Housing means the regulation committee of the HCA constituted pursuant to the Housing and Regeneration Act, as amended by the Localism Act 2011, or any similar future authority or authorities carrying on substantially the same regulatory and/or supervisory functions;

Relevant Date has the meaning given to it in the Conditions;

Relevant Screen Page means the page, section or other part of a particular information service (including, without limitation, the Reuter Money 3000 Service) specified as the Relevant Screen Page in the Loan Transaction Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

Relevant Time has the meaning given to it in the Loan Transaction Terms;

Residential Property means any complete property situated in England or Wales which is being let or is at that time ready to be let on an Approved Tenancy as residential units of accommodation by a Registered Provider of Social Housing;

Right to Buy means the right of a tenant of a Property

- (a) to buy that property from a Guarantor under section 180 of the Housing and Regeneration Act or under Part V of the Housing Act 1985 (or any similar right replacing those rights) or under any contract conferring such a right and including, without limitation, such rights preserved notwithstanding any previous transfers of that property to the relevant Guarantor from any local authority;
- (b) to acquire an interest in that property from a Guarantor by means of a shared-ownership lease where the terms of any such lease comply with the regulatory requirements of the Regulator of Social Housing or have been approved by the Loan Facility Provider;
- (c) to buy or acquire an interest in that property from a Guarantor under the Voluntary Right to Buy Scheme; or
- (d) to buy or acquire an interest in that property from a Guarantor under any voluntary scheme approved by the Loan Facility Provider;

Rights means all rights vested in the Security Trustee by virtue of, or pursuant to, its holding the interests conferred on it by the Security Documents or under the Ancillary Documents and all rights to make demands, bring proceedings or take any other action in respect thereof;

Rolling Valuation has the meaning given to it in Clause 14.2 (*Rolling Valuations*);

SAB Asset Cover Test has the meaning given to that term in Clause 12.1(b) (*Financial Covenants*);

SAB Charged Properties means, at any time, the Charged Properties that have been allocated to the Loan Facility Provider on a Specific Allocation Basis;

Screen Rate is determined in accordance with Condition 7.2(b)(ii) (*Interest on Floating Rate Notes - Screen Rate Determination for Floating Rate Notes*) subject to Condition 7.2 (*Interest on Floating Rate Notes*) of the Offering Circular;

Security means the security granted in favour of the Security Trustee by an Obligor over the relevant Security Assets under the Security Documents;

Security Assets means all assets, rights and property of the Obligors the subject of the Security and the Rights other than:

- (a) any such assets which are subject to a floating charge only; and
- (b) any such assets notified to the Loan Facility Provider and acknowledged by the Loan Facility Provider as not forming part of the Security Assets for the purposes of the Security Documents;

Security Beneficiaries means the persons defined as "Security Beneficiaries" in the Security Trust Deed and **Security Beneficiary** means each of them;

Security Certificate means a certificate issued by the Security Trustee in favour of the Loan Facility Provider in the form set out in schedule 5 (*Form of Security Certificate*) to the Security Trust Deed;

Security Documents means:

- (a) each document evidencing a Fixed Charge;
- (b) each document evidencing a Floating Charge;
- (c) the Group Borrower Security Deed;
- (d) the Security Trust Deed;
- (e) any NAB Administration Agreement;
- (f) each duly executed Accession Memorandum; and
- (g) any other document designated as such by the Security Trustee and an Obligor,

and **Security Document** means each of them;

Security Trust Deed means the security trust deed dated 24th May, 2007 made between, *inter alios*, the Group Borrower, the Guarantors and the Security Trustee as amended or supplemented or acceded to from time to time;

Security Trustee means Prudential Trustee Company Limited, with its registered office at Laurence Pountney Hill, London EC4R 0HH as trustee for the Security Beneficiaries named in the Security Trust Deed, which term includes any person or persons which may become Security Trustee(s) in accordance with the Security Trust Deed;

Series means a series of Notes issued under the Programme;

Series Closing Date has the meaning given to it in the Loan Transaction Terms;

Series Secured Parties means, in relation to a Series, each of the Note Trustee, any Receiver, the Account Bank, the Agent Bank in relation to such Series, the Paying Agents in relation to such Series and the Noteholders in relation to that Series and **Series Secured Party** means any one of them;

Series Security Percentage means the number of Units allocated to the Loan Facility Provider in relation to the relevant Loan Facility Agreement under the Numerical Apportionment Basis from time to time divided by the total number of Units comprising the NAB Charged Properties which are held by the Security Trustee on the Numerical Apportionment Basis from time to time;

Shared Ownership Lease means a lease on share ownership terms approved by the Security Trustee.

Shared Ownership Property means any property of a Guarantor which is occupied on shared ownership terms or in respect of which the Guarantor grants a lease on shared ownership terms so that such Guarantor holds or may hold less than 100 per cent. of the beneficial interest in that property and the purchaser of the balance of that beneficial interest has the right to buy a further portion of such Guarantor's retained beneficial interest;

Shared Ownership Sale means the disposal of all or any part of any Shared Ownership Property by a Guarantor (or the retained interest of a Guarantor in any Shared Ownership Property);

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

Social Housing Grant means a grant payable under section 50 of the Housing Act 1988 or sections 19 and 32 to 35 of the Housing and Regeneration Act or Section 126 of the Housing Grants Construction and Regeneration Act 1996 or any replacement or substitute grant payable under any other law applicable to Registered Providers of Social Housing.

Specific Allocation Basis has the meaning given to that term in the Security Trust Deed;

Specified Currency has the meaning given to it in the Loan Transaction Terms;

Specified Period has the meaning given to it in the Loan Transaction Terms;

Statutory Disposal means a Shared Ownership Sale, the exercise of a Right to Buy, a Social HomeBuy disposal or any other disposal of a Property where it is required that some or all of the relevant disposal proceeds be credited to the disposal proceeds fund (as defined in section 177 of the Housing and Regeneration Act) of the relevant Guarantor;

Statutory Disposal Certificate means a certificate substantially in the form of Schedule 7 (*Form of Statutory Disposal Certificate*);

Subscription Agreement means an agreement (whether oral or in writing) between the Loan Facility Provider and any Dealer(s) for the issue by the Loan Facility Provider and the subscription by such Dealer(s) (or on such other basis as may be agreed between the Loan Facility Provider and the relevant dealer(s) at the relevant time) of any Notes and shall include, without limitation, any agreement in the form or based on the form set out in appendix 6 (*Form of Subscription Agreement*) to the Programme Agreement;

Subsidiary has the meaning given to that term in Section 271 of the Housing and Regeneration Act;

Substitute Issuer means any entity which is substituted in place of the issuer of the Notes (or any previous substitute thereof) in accordance with Condition 17 (*Substitution*);

Substitute Property has the meaning given to it in Clause 13.1 (*Substitution of Charged Properties*);

Substitute Property Certificate means a certificate substantially in the form of Schedule 5 (*Form of Substitute Property Certificate*);

Supplement means any supplement prepared and issued in connection with the Programme;

Supplemental Fixed Charge means each first priority supplemental fixed charge executed or to be executed by a Guarantor in favour of the Security Trustee over a Charged Property as defined in the Security Trust Deed;

TARGET2 Settlement Day means any day on which the TARGET2 System is open;

TARGET2 System means the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) system;

Tax or tax means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same);

Tax Credit means a credit against, relief or remission for, or repayment of any Tax;

Tax Deduction means a deduction or withholding for or on account of Tax from a payment under a Finance Document or the Group Borrower Security Deed;

Tax Payment means either the increase in a payment made by the Group Borrower to the Loan Facility Provider under Clause 10.2 (*Tax gross-up on Loan payments*) or a payment under Clause 10.3 (*Tax indemnity*);

Taxing Authority means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world including HM Revenue & Customs;

Total Advance Amount has the meaning given to it in the Loan Transaction Terms;

Transaction Account means, in relation to a Series, the account of the Loan Facility Provider so named established with the Account Bank in respect of such Series;

Trustee Expenses means amounts due and payable by the Loan Facility Provider in respect of fees and expenses (including indemnities) to the Note Trustee under the Note Trust Deed and any Receiver under the Note Trust Deed;

UK or United Kingdom means the United Kingdom of Great Britain and Northern Ireland;

Unallocated Charged Properties has the meaning given to that term in the Security Trust Deed;

Underlying Security means, in relation to a relevant Series, each Account Charge and the security granted in favour of the Security Trustee by the Guarantors under each Fixed Charge and each Floating Charge to secure the Guarantors' obligations under the Deed of Guarantee which in turns secures the Group Borrower's obligations under the relevant Loan Facility and any additional Underlying Security as specified in the relevant Supplement;

Unit means at any time a Charged Property or part thereof comprising a unit of residential accommodation 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 part thereof;

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 or Shared Ownership Sale, the Value of the relevant Charged Property shall, for the purposes of this definition and with effect from the date of the relevant sale or release, be zero (if the entire relevant Charged Property has been sold) or (if only part of the relevant Charged Property has been sold) shall be the proportion of the value of the Charged Property which has not been sold pursuant to the relevant Right to Buy or Shared Ownership Sale);

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

Valuation Date means each date on which a Valuation is to be delivered pursuant to Clause 14 (*Valuations*);

Valuation Report means any report produced by the Valuer setting out the Valuation;

Valuer means Jones Lang LaSalle LLP, Savills Advisory Services Limited and any other independent professional valuer as may be approved from time to time by the Loan Facility Provider, acting reasonably; and

Voluntary Right to Buy Scheme means any voluntary right to buy scheme (whether a pilot scheme or otherwise) which arises out of the agreement between the National Housing Federation and the UK Government, announced by the Prime Minister on 7th October, 2015, whereby Registered Providers of Social Housing agreed to implement an extended right to buy on a voluntary basis, (including, for the avoidance of doubt, the Midlands Pilot Scheme).

1.2 Incorporation of the Loan Transaction Terms

(a) **Totality of the Loan Facility Agreement**

These Loan Facility Agreement Standard Terms and each Loan Transaction Terms shall together constitute a **Loan Facility Agreement** for all purposes referred to in both these Loan Facility Agreement Standard Terms and the Loan Transaction Terms.

(b) **Definitions**

Unless defined in these Loan Facility Agreement Standard Terms, or the context otherwise requires, a term defined in the Loan Transaction Terms has the same meaning in these Loan Facility Agreement Standard Terms as if all references in the Loan Transaction Terms used in these Loan Facility Agreement Standard Terms were incorporated in these Loan Facility Agreement Standard Terms.

(c) **Conflict**

It is acknowledged and agreed that, to the extent that the provisions of these Loan Facility Agreement Standard Terms conflict with those of the Loan Transaction Terms, the provisions of the Loan Transaction Terms shall prevail.

1.3 Interpretation

Any reference in the Loan Facility Agreement to:

the **Security Trustee**, any **Finance Party**, any **Beneficiary**, the **Loan Facility Provider**, any **Obligor** or any **Party** shall be construed so as to include its successors in title, permitted assigns and permitted transferees and, in the case of the Security Trustee, any person for the time being appointed as Security Trustee or Security Trustees in accordance with the Security Trust Deed;

a **Clause** or a **subclause** shall be construed as a reference to a clause or a subclause hereof;

indebtedness shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future;

a **month** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next succeeding calendar month save that, where any such period would otherwise end on a day which is not a Business Day, it shall end on the next succeeding Business Day, unless that day falls in the calendar month succeeding that in which it would otherwise have ended, in which case it shall end on the immediately preceding Business Day **provided that**, if a period starts on the last Business Day in a calendar month or if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day in that later month (and references to **months** shall be construed accordingly);

a **person** shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) or two or more of the foregoing;

a **Schedule** shall be construed as a reference to a schedule to these Loan Facility Agreement Standard Terms or the Loan Transaction Terms unless otherwise indicated; and

VAT shall be construed as a reference to value added tax including any similar tax which may be imposed in place thereof from time to time.

1.4 Currency Symbols

£, **GBP** and **Sterling** denote the lawful currency of the United Kingdom and Northern Ireland.

U.S. dollars or **USD** denote the lawful currency of the United States of America.

€, **EUR** or **Euros** denotes the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1.5 Agreements and Statutes

Any reference in the Loan Facility Agreement to:

- (a) any other agreement or document shall be construed as a reference to such other agreement or document as the same may have been, or may from time to time be, amended, restated, varied, novated or supplemented; and
- (b) a statute shall be construed as a reference to such statute as the same may have been, or may from time to time be, amended or re-enacted.

1.6 Headings

Clause and Schedule headings are for ease of reference only.

1.7 Third Parties

A person who is not a Party to the Loan Facility Agreement, other than the Note Trustee as provided for in certain circumstances under the Loan Facility Agreement, has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of the Loan Facility Agreement.

1.8 Miscellaneous

- (a) Subject as provided in paragraph (b) below, if any provision of the Loan Facility Agreement is inconsistent with the Security Trust Deed, then the provisions of the Loan Facility Agreement shall prevail. The Loan Facility Provider undertakes to be bound by each provision of the Security Trust Deed which is expressed to be binding on the Security Beneficiaries, **provided always that:**
 - (i) the Loan Facility Provider shall not have any liability for the obligations of any other Security Beneficiary;
 - (ii) the obligations of the Security Beneficiaries under the Security Trust Deed shall be deemed to be several and independent and not joint; and

(iii) the Loan Facility Provider shall not be bound by any amendments or other changes to the terms of the Security Trust Deed unless it has expressly agreed to be bound by them in writing (other than pursuant to this subclause).

(b) It is hereby acknowledged and agreed by the Parties that the powers and duties of the Security Trustee are set out in the Security Trust Deed. In the event of any conflict or inconsistency between the provisions of the Loan Facility Agreement and the provisions of the Security Trust Deed with regard to the rights, powers and/or obligations of the Security Trustee, the provisions of the Security Trust Deed shall prevail.

2. THE LOAN FACILITY

2.1 Grant of the Loan Facility

The Loan Facility Provider grants to the Group Borrower, upon the terms and subject to the conditions of the relevant Loan Facility Agreement, a term loan facility in an aggregate amount equal to the Total Advance Amount.

2.2 Purpose and Application

The proceeds of each Loan Facility may only be used by the Group Borrower for on-lending by the Group Borrower to one or more of the Guarantors pursuant to an On-Loan Agreement made between the Group Borrower and the relevant Guarantor(s) to be applied in the achievement of the relevant Guarantor's or Guarantors' charitable objects, as permitted by their respective constitutional documents.

The Group Borrower must on-lend all amounts made available to it under each Loan Facility Agreement to one or more Guarantors.

2.3 Loan Facility Provider to be Guarantee Beneficiary

The Group Borrower shall procure that the Loan Facility Provider becomes a Guarantee Beneficiary in respect of amounts due to it pursuant to each Loan Facility Agreement and that each Loan Facility Agreement shall become a "Designated Agreement" for the purposes of the Deed of Guarantee, on or prior to the Series Closing Date, by notifying the Security Trustee of such fact 14 days prior to the Series Closing Date and delivering to the Security Trustee a Notice of New Guarantee Beneficiary specifying the Loan Facility Provider as a "Guarantee Beneficiary" and the Loan Facility Agreement as a "Designated Agreement" for the purposes of the Deed of Guarantee so that the Loan Facility Provider will, on or prior to the Series Closing Date, become a Guarantee Beneficiary and so that all amounts due under the Loan Facility Agreement shall, from the Series Closing Date, be guaranteed by the Guarantors in their capacity as guarantors (**Guarantors**) pursuant to and in accordance with the terms of the Deed of Guarantee.

2.4 Conditions Precedent Documents for Advances

The Loan Facility Provider shall not deliver any Advance to the Group Borrower unless the Loan Facility Provider has received all of the Conditions Precedent Documents (other than the documents and evidence listed in Part 2 of Schedule 2 (*Guarantor Conditions Precedent Documents*)) and each is, in form and substance, satisfactory to it. The Loan Facility Provider shall notify the Group Borrower promptly upon being so satisfied.

2.5 Conditions Precedent for new Charged Properties

The Group Borrower shall procure the delivery of each of the Legal Charges Conditions Precedent Documents, in each case in a form and substance satisfactory to the Security Trustee, in respect of each Charged Property which is apportioned to the Loan Facility Provider as security for the Loan Facility on or prior to any such apportionment. The Loan Facility Provider shall notify the Group Borrower promptly upon being so satisfied. Notwithstanding anything to the contrary in the Loan Facility Agreement, unless and until the Loan Facility Provider shall have notified the Group Borrower of it being so satisfied the relevant Charged Properties shall not be taken into account in determining the Group Borrower's compliance with the relevant Asset Cover Test.

3. UTILISATION OF THE LOAN FACILITY

3.1 Utilisation

Subject to the Conditions Precedent Documents being received in accordance with Clause 2.4 (*Conditions Precedent Documents for Advances*) and the conditions in Clause 4 (*Making of Advances*) being satisfied on the relevant Series Closing Date, the Loan Facility Provider shall advance the Total Advance Amount to the Group Borrower on the relevant Series Closing Date.

3.2 Utilisation Details in the Loan Transaction Terms

The Loan Transaction Terms which shall be signed on the relevant Series Closing Date shall specify:

- (a) the Series Closing Date, which shall be a Business Day on which the utilisation shall take place;
- (b) the interest basis in respect of each Advance which has been selected (being fixed rate or floating rate);
- (c) the total amount requested which shall be an amount equal to the Total Advance Amount; and
- (d) the first Loan Interest Period and each Loan Interest Period, each of which shall be the same as the Note Interest Periods under the relevant Series as specified in the relevant Final Terms.

4. MAKING OF ADVANCES

4.1 The Loan Facility Provider shall make the Advance in accordance with Clause 3 (*Utilisation of the Loan Facility*) if on the Series Closing Date relating to such an Advance:

- (a) the Notes of a related Series have been issued;
- (b) the proceeds of the Notes of a related Series have been received by the Loan Facility Provider;
- (c) no Loan Event of Default has occurred in respect of any Loan Facility Agreement corresponding to any Series of Notes issued under the Programme; and
- (d) the Loan Facility Provider is satisfied that either:
 - (i) the making of the Advance being requested will not cause the Group Borrower to breach any of its obligations and undertakings under Clause 12 (*Financial Covenants*); or

- (ii) where the Loan Facility Provider is not satisfied in relation to the matters referred to in (i) above and such matters are capable of being remedied by the granting of security to the Security Trustee, the Group Borrower procures the delivery to the Security Trustee by a Guarantor of security over any property acceptable to the Security Trustee together with, in form and substance satisfactory to the Security Trustee, the Legal Charges Conditions Precedent Documents relating thereto and the applicable provisions of clause 5 (*Apportionment of Charged Properties*) of the Security Trust Deed shall have been complied with in respect of such property,

then, on such Series Closing Date, the Loan Facility Provider shall, save as otherwise provided in the Loan Facility Agreement, make the Advance available on the Series Closing Date.

- 4.2 The Loan Facility Provider shall promptly notify the Group Borrower of the determination of the rate(s) of interest for each Advance under the Loan Facility Agreement.

5. INTEREST

5.1 Accrual of Interest and Interest Payments

Each Advance bears interest on the amount of such Advance outstanding from the Loan Interest Commencement Date at the Interest Rate. Interest on each Advance is payable (in the case of an Advance with a Specified Currency of Sterling) in Sterling and (in the case of an Advance with a Specified Currency other than Sterling) in such other currency, in arrear in an amount equal to the Loan Interest Amount in respect of such Advance for the Loan Interest Period ending on such Payment Date.

5.2 Cessation of Interest

Each Advance (or in the case of a repayment of part only of a Loan Facility, that part only of such Loan Facility) shall cease to bear interest from its due date for repayment or prepayment in accordance with Clause 6 (*Repayment, Cancellation and Prepayment*) unless payment of the principal is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Clause 5 (both before and after judgment) until the day on which all sums due in respect of the corresponding Notes have been repaid to the Noteholders by or on behalf of the Loan Facility Provider.

5.3 Interest on Loan to correspond to interest on the Notes

For the avoidance of doubt, the parties acknowledge that the Interest Rate to be specified in the Loan Transaction Terms in respect of an Advance, which corresponds to a Series of Notes to be issued by the Loan Facility Provider to fund such Advance, should conform to the interest rate payable under such Series of Notes. In the event of any inconsistency in respect thereof, the provisions hereof in respect of the interest payable by the Group Borrower to the Loan Facility Provider shall be adjusted accordingly such that the Group Borrower shall pay to the Loan Facility Provider an amount of interest in respect of such Advance which conforms to the interest amount payable under the relevant Series of Notes.

5.4 Interest on Fixed Advances

Clause 5.5 (*Calculation of Loan Interest Amount for Fixed Advances*) is applicable to the Advance only if the Fixed Rate Provisions are specified in the Loan Transaction Terms as being applicable to such Advance.

5.5 Calculation of Loan Interest Amount for Fixed Advances

Upon each Interest Determination Date, the Loan Facility Provider shall calculate (or shall cause the Agent Bank to calculate) the Loan Interest Amount on a Fixed Advance. Such amount shall be calculated by applying the Interest Rate to the amount outstanding in respect of such Fixed Advance and multiplying the product thereof by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency (half a unit being rounded upwards or otherwise in accordance with applicable market convention).

5.6 Interest on Floating Advances

Clauses 5.7 (*Screen Rate Determination*) and 5.8 (*ISDA Determination*) are applicable to the Advance only if the Floating Rate Provisions are specified in the Loan Transaction Terms as being applicable to such Advance.

5.7 Screen Rate Determination

If Screen Rate Determination is specified in the Loan Transaction Terms as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Advance for each Loan Interest Period will be determined by the Agent Bank as either:

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

(expressed as a percentage rate per annum) for the Reference Rate as specified in the Loan Transaction Terms which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) (or at such other time specified in the Loan Transaction Terms) on the Interest Determination Date in question plus or minus (as specified in the Loan Transaction Terms) the Margin (if any), all as determined by the Agent Bank. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent Bank for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

In the event of the Relevant Screen Page is not available or if, in the case of (a) above, no such offered quotation appears or, in the case of (b) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Interest Rate shall be determined by the Agent Bank in accordance with the calculation of the equivalent rate of interest in respect of the corresponding Notes.

Unless otherwise stated in the applicable Loan Transaction Terms the Minimum Rate of Interest shall be deemed to be zero.

5.8 ISDA Determination

If ISDA Determination is specified in the relevant Loan Transaction Terms as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Advance for each Loan Interest Period will be the relevant ISDA Rate plus or minus the Margin (if any). For the purposes of this sub-Clause **ISDA Rate** in relation to any Loan Interest Period means a rate equal to the Floating Rate (as defined in the ISDA 2006 Definitions) that would be determined by the Agent

Bank under an interest rate swap transaction if the Agent Bank were acting as calculation agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA 2006 Definitions and under which:

- (a) the Floating Rate Option is as specified in the Loan Transaction Terms;
- (b) the Designated Maturity is a period specified in the Loan Transaction Terms; and
- (c) the relevant Reset Date is as specified in the Loan Transaction Terms.

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 2006 Definitions.

Unless otherwise stated in the Loan Transaction Terms the Minimum Rate of Interest shall be deemed to be zero.

5.9 Calculation of Loan Interest Amount for Floating Advances

Upon or as soon as practicable after each Interest Determination Date, the Agent Bank shall calculate the Loan Interest Amount payable on the Floating Advance for the relevant Loan Interest Period by applying the Interest Rate to the amount outstanding under such Floating Advance and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency (half a unit being rounded upwards or otherwise in accordance with applicable market convention).

5.10 Minimum Rate of Interest and/or Maximum Rate of Interest

If the Loan Transaction Terms specifies a Minimum Rate of Interest for any Loan Interest Period, then, in the event that the Interest Rate in respect of such Interest Period determined in accordance with the provisions of Clause 5.6 above is less than such Minimum Rate of Interest, the Rate of Interest for such Loan Interest Period shall be such Minimum Rate of Interest.

If the Loan Transaction Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Interest Rate in respect of such Interest Period determined in accordance with the provisions of Clause 5.6 above is greater than such Maximum Rate of Interest, the Rate of Interest for such Loan Interest Period shall be such Maximum Rate of Interest.

5.11 Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of a Loan Interest Period in the Loan Transaction Terms, the Interest Rate for such Loan 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 Loan Transaction Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the Loan Transaction Terms), 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 Loan 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 Loan 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 it determines appropriate.

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

5.12 Determination or Calculation by Note Trustee

(a) If the Agent Bank or the Loan Facility Provider does not at any time for any reason determine the Interest Rate or the Loan Interest Amount for an Advance in accordance with this Clause 5, the Note Trustee may (but without any liability accruing to the Note Trustee as a result):

(i) determine (or appoint an agent or expert at the expense of the Loan Facility Provider to determine) the Interest Rate for each Advance at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in this Clause 5 but always subject to any Minimum Rate of Interest or Maximum Rate of Interest specified in the Loan Transaction Terms), it shall deem fair and reasonable in all the circumstances; and/or

(ii) calculate (or appoint an agent or expert at the expense of the Loan Facility Provider to calculate) the Loan Interest Amount for each Advance in such manner specified in this Clause 5,

and any such determination and/or calculation shall be deemed to have been made by the Agent Bank or the Loan Facility Provider, as the case may be.

(b) For the avoidance of doubt, where reference is made in this Clause 5 to the Agent Bank performing any act (including, without limitation, calculating or determining) the Loan Facility Provider shall procure that the Agent Bank performs such act or otherwise shall perform such act itself.

6. REPAYMENT, CANCELLATION AND PREPAYMENT

6.1 Repayment of the Advances

Unless previously repaid or prepaid, each Advance shall be repaid by the Group Borrower at the Final Repayment Amount specified in the Loan Transaction Terms in the Specified Currency on the Final Maturity Date specified in the Loan Transaction Terms.

6.2 Optional Prepayment

(a) Subject as follows, if "Optional Prepayment" is specified in the Loan Transaction Terms as "Applicable", the Group Borrower may, at any time before the Final Maturity Date, give the Loan Facility Provider not less than 45 nor more 60 days' notice of its intention to prepay all or part of an outstanding Advance to the Loan Facility Provider and any prepayment so made shall satisfy the Group Borrower's obligations under Clause 6.1 (*Repayment of the Advances*) to the extent of such prepayment and shall be applied against such Advance or Advances as the Group Borrower shall specify. In the case of a Fixed Advance where the Specified Currency is Sterling, any prepayment shall be made at an amount equal to the higher of:

(i) par; and

(ii) for so long as any Notes of the relevant Series are outstanding, the price as notified to the Group Borrower by the Loan Facility Provider as being the price determined

under the Note Trust Deed for the redemption of a corresponding principal amount of the applicable Notes of the relevant Series,

together with any interest accrued up to and including the date of redemption of the Notes corresponding to the relevant Loan Facility.

- (b) In the case of a Floating Advance and/or where the Specified Currency of an Advance is not Sterling, the amount of any prepayment made shall be as specified in the Loan Transaction Terms.
- (c) Notwithstanding the above, at the request of the Loan Facility Provider, any amount to be prepaid in part by the Group Borrower shall be rounded up to an amount which is divisible equally by the number of Notes which the Loan Facility Provider is required to repay in part as a result of such prepayment.
- (d) If:
 - (i) any sum payable by the Group Borrower to the Loan Facility Provider is required to be increased under Clause 10.2 (*Tax gross-up on Loan payments*); or
 - (ii) the Loan Facility Provider claims indemnification from the Group Borrower under Clause 10.3 (*Tax indemnity*),

the Group Borrower may, whilst (in the case of paragraph (ii) above) the circumstance giving rise to the requirement for indemnification continues, give the Loan Facility Provider notice of its intention to procure the prepayment of the Loan Facility.

- (e) On the last day of the Loan Interest Period which ends after the Group Borrower has given notice under Clause 6.2(d) above (or, if earlier, the date specified by the Group Borrower in that notice), the Group Borrower shall repay the Loan Facility to the Loan Facility Provider in full. In the case of a Fixed Advance where the Specified Currency is Sterling, any prepayment made shall be made at the principal amount outstanding of the Loan Facility. In the case of a Floating Advance and/or where the Specified Currency is not Sterling, the amount of any prepayment made shall be equal to the amount specified in the Loan Transaction Terms.

6.3 Mandatory Prepayment

If a Series of Notes becomes redeemable prior to their Final Maturity Date, other than as a result of a prepayment under or a termination of the Loan Facility Agreement, the Group Borrower shall repay the entire principal outstanding on the corresponding Advance at the principal amount on the Business Day prior to the relevant date of redemption, together with any interest accrued up to and including the date of redemption of the corresponding Series of Notes.

6.4 Mandatory Prepayment – Cancellation of Status

- (a) The Group Borrower shall promptly notify the Loan Facility Provider and the Security Trustee if a Guarantor ceases to be a Registered Provider of Social Housing.
- (b) Within 180 days of the notification pursuant to Clause 6.4(a) above, the Group Borrower shall prepay the whole of the outstanding balance of the Loan Facility at the principal amount, together with any accrued interest up to and including the relevant date of redemption, provided however, that
 - (i) if the relevant Guarantor either ceases to be a Guarantor or regains its status as a Registered Provider of Social Housing within such period of 180 days or
 - (ii) if the relevant Guarantor has

ceased to be a Registered Provider of Social Housing following, or as part of, a Permitted Reorganisation resulting from a transfer of all of its assets and liabilities to another Guarantor which is itself a Registered Provider of Social Housing, the Group Borrower shall no longer be required to prepay the Loan Facility in accordance with this Clause 6.4(b).

6.5 Purchase of Notes and Cancellation

- (a) The Group Borrower and any other member of the Clarion Housing Group (other than the Loan Facility Provider) may at any time purchase Notes in the open market or otherwise at any price. Following any such purchase the Group Borrower or such other member of the Clarion Housing Group, as the case may be, may (but is not obliged to) surrender such Notes to the Loan Facility Provider for cancellation in accordance with the Conditions.
- (b) Upon cancellation of any Notes, an amount equal to the principal amount outstanding of the Notes being surrendered shall be deemed to be prepaid under the relevant Loan Facility Agreement in respect of the corresponding Advance.

6.6 Notice of Prepayment

Any notice of prepayment given by the Group Borrower pursuant to Clause 6.2 (*Optional Prepayment*) shall be irrevocable and shall specify the date upon which such prepayment is to be made and the amount of such prepayment and shall oblige the Group Borrower to make such prepayment on such date.

6.7 No Reborrowing

The Group Borrower shall not be entitled to re-borrow any amount repaid.

7. ALLOCATION/APPORTIONMENT BASIS

- (a) The Charged Properties securing the Guarantors' guarantee of the obligations of the Group Borrower under each Loan Facility Agreement shall be apportioned on (i) the Numerical Apportionment Basis (subject to the rights of the Beneficiaries to require the Specific Apportionment Basis to apply in limited circumstances after the occurrence of a Loan Event of Default in accordance with the terms of the Security Trust Deed) or (ii) the Specific Apportionment Basis, as specified in the Loan Transaction Terms.
- (b) The Loan Facility Provider shall agree (and shall be deemed to have confirmed to the Security Trustee under the Security Trust Deed its agreement) to any apportionment (or adjustment to any apportionment) of its NAB Charged Properties:
 - (i) on 31st March and 30th September in each year;
 - (ii) immediately before and as a condition precedent to the disbursement of any loan under any Finance Document, the accession of a new Beneficiary (as defined in the Security Trust Deed) and/or the release of an Existing Beneficiary (as defined in the Security Trust Deed) or Obligor (as defined in the Security Trust Deed) from the Security Trust Deed; and
 - (iii) promptly on further collateral being required to be posted under any Finance Document,

provided the terms of the relevant Loan Facility Agreement have been, and continue to be, complied with, no Loan Event of Default has occurred and is outstanding, the Group

Borrower would continue to be in compliance with the NAB Asset Cover Test immediately after such apportionment (or adjustment to any apportionment) and such apportionment (or adjustment to any apportionment) is made with the agreement of all Beneficiaries except in the circumstances specified in clause 5.2(B) of the NAB Administration Agreement.

- (c) The Group Borrower shall ensure that the SAB Charged Properties allocated to the Loan Facility Provider are not re-allocated as NAB Charged Properties without the prior written consent of the Loan Facility Provider.

8. REPRESENTATIONS, WARRANTIES AND COVENANTS BY THE GROUP BORROWER

8.1 Representations and Warranties

The Group Borrower makes the representations and warranties set out in this Clause 8.1 to the Loan Facility Provider.

- (a) **Status**

It is duly established and validly existing under the laws of England and it has the power to own its assets and carry on its business as it is being conducted.

- (b) **Powers and Authority**

It has the power to enter into and perform, and has taken all necessary action to authorise the entry into, performance and delivery of the Issuer Transaction Documents to which it is a party and the exercise of its rights and performance of its obligations under the transactions contemplated by the Issuer Transaction Documents to which it is party.

- (c) **Legal Validity**

Each Issuer Transaction Document to which it is a party constitutes its legal, valid and binding obligation and will be admissible in evidence in England.

- (d) **Non-conflict**

The entry into and performance by it of, and the exercise of its rights and performance of its obligations under the transactions contemplated by, the Issuer Transaction Documents do not conflict with any law or regulation or official or judicial order relating to it, its constitutive documents or any document which is binding upon it or any of its assets.

- (e) **No Default**

No Loan Event of Default or Potential Loan Event of Default is outstanding or could reasonably be expected to result from the making of the Loan and no other event is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, determination of materiality or other determination, might reasonably be expected to constitute) a default under any document which is binding on it or any of its assets.

- (f) **Authorisations**

All authorisations, required by it in connection with the entry into, performance, validity and enforceability of, and the transactions contemplated by, the Issuer Transaction Documents to which it is a party have been obtained or effected (as appropriate) and are in full force and effect.

(g) **Miscellaneous**

It has not taken any corporate action nor have any steps been taken or legal proceedings been started or credibly threatened against it which have come to its notice for its winding-up or dissolution or for the appointment of a receiver, administrator, trustee (not being a security trustee or security agent) or similar officer of it or of all or any part of its assets or revenues.

(h) **Times for Making Representations and Warranties**

The representations and warranties set out in this Clause 8.1 are made by the Group Borrower on the date of the Loan Facility Agreement and are deemed to be repeated by the Group Borrower immediately prior to and at the time of making any Advance hereunder with reference to the facts and circumstances then existing.

8.2 Information Covenants

The Group Borrower must supply to the Loan Facility Provider and the Security Trustee not later than seven months after the end of each relevant Financial Year:

- (a) copies of the audited consolidated financial statements of the Group Parent for such Financial Year;
- (b) copies of the audited unconsolidated financial statements of the Group Borrower for such Financial Year;
- (c) copies of the audited unconsolidated financial statements of each Guarantor for such financial year; and
- (d) a Compliance Certificate signed by an Authorised Signatory of the Group Borrower.

8.3 General Covenants

The undertakings in this Clause 9.2 remain in force from the Series Closing Date for so long as any part of the Loan Facility remains outstanding.

(a) **Maintenance of Status**

The Group Borrower shall, and shall procure that each Guarantor shall:

- (i) do all such things as are necessary to maintain its relevant corporate registrations as may be appropriate having regard to its constitutional documents;
- (ii) carry on its business in accordance with the objects specified in its constitutional documents;
- (iii) do all things necessary to maintain the charitable status of each Guarantor;
- (iv) comply in all material respects with all requirements of the Regulator of Social Housing and any other regulatory requirements applicable to it; and
- (v) remain a member of the Clarion Housing Group,

provided that nothing in this Clause shall prohibit a Permitted Reorganisation.

(b) **Authorisations**

The Group Borrower shall, and shall procure that each Guarantor shall, promptly obtain, maintain and comply in all material respects with the terms of any authorisation required under any law or regulation to enable it to perform its obligations under, or for the validity or enforceability of such obligations under, any Finance Document or Security Document to which it is a party.

(c) **Negative Pledge**

- (i) Except as provided below, the Group Borrower shall not, and shall procure that each Guarantor shall not, create or allow to exist any Encumbrance on any of its assets which are Security Assets.
- (ii) Paragraph (i) does not apply to:
 - (A) any floating charge over the assets of the Group Borrower or any Guarantor granted to a person provided that:
 - I. that floating charge ranks in point of priority behind the Encumbrances created by any Security Document and such third party enters into an intercreditor agreement in form and substance satisfactory to the Loan Facility Provider (acting reasonably) so as to subordinate in a manner satisfactory to the Loan Facility Provider (acting reasonably) the rights of such third party as regards enforcement of its floating charge and control of the assets subject to that floating charge in relation to any assets which are subject to security under any Security Document;
 - II. such Obligor grants in favour of the Security Trustee a *pari passu* floating charge in form and substance satisfactory to the Security Trustee;
 - III. such Obligor has provided to the Security Trustee all necessary consents and authorisations reasonably required by the Security Trustee in connection with the floating charge referred to in paragraph II above; and
 - IV. the Group Borrower shall forthwith on demand pay to the Security Trustee the amount of all properly incurred costs and out-of-pocket expenses (including, without limitation, legal costs) incurred by the Security Trustee in connection with the negotiation, preparation, printing and execution of such intercreditor agreement;
 - (B) Encumbrances created under or pursuant to the Finance Documents (as defined in the Security Trust Deed);
 - (C) Encumbrances created under or pursuant to the Permitted Security;
 - (D) any mortgagee protection provisions giving concessions to a tenant's mortgage of a Shared Ownership Property in accordance with the Regulator of Social Housing's guidelines;
 - (E) any liens created in the ordinary course of business of a Guarantor or pursuant to a Shared Ownership Lease; or

(F) any other Encumbrance created with the prior written consent of the Loan Facility Provider.

(d) **No Other Business of the Group Borrower**

The Group Borrower must not carry on any other business or own any assets other than:

- (i) incurring indebtedness to the extent permitted by the Finance Documents (as defined in the Security Trust Deed) including the entering into of derivative transactions in connection with protection against or to benefit from fluctuations in any rate, price, currency, index or credit rating, and the making of loans and guarantees to other members of the Clarion Housing Group and matters related thereto, each in its capacity as a group finance vehicle for the Clarion Housing Group; and/or
- (ii) the entry into those Finance Documents (as defined in the Security Trust Deed) to which it is a party and all matters contemplated therein.

(e) **The Charged Properties**

The Group Borrower shall procure that each Guarantor:

- (i) obtains any authorisation or licence required in order to enable the Security Trustee pursuant to the powers of enforcement conferred on it by the Security Documents to sell vacant Charged Properties; and
- (ii) maintains insurances on and in relation to its Charged Properties and its business and assets with reputable underwriters or insurance companies against such risks and to such extent as is usual for Registered Providers of Social Housing carrying on a business such as that carried on by it and whose practice is not to self-insure, all in accordance with the provisions of each relevant Security Document.

(f) **Covenants**

The Group Borrower shall (unless the Security Trustee otherwise agrees in writing) procure that each Guarantor complies with any covenants or restrictive covenants relating to a Charged Property which are binding on it, including, without limitation to this Clause, all covenants and obligations assumed by it in any lease relating thereto save as disclosed in any Certificate of Title delivered on or before such property became a Charged Property.

(g) **Deed of Covenant**

The Group Borrower will (and shall procure that each Guarantor will):

- (i) take all steps or actions that may be required and shall be within its power to comply with the terms of the Deed of Covenant; and
- (ii) not terminate the Deed of Covenant.

(h) **On-Loan Agreements**

The Group Borrower undertakes to ensure that a sufficient rate of interest is charged under the On-Loan Agreements (taken as a whole) to ensure that the Group Borrower is able to meet its obligation to pay interest under the Loan Facility Agreement and the terms of each

On-Loan Agreement are such that the Group Borrower is able to meet the objectives to pay principal under the Loan Facility Agreement.

(i) **Centre of Main Interests**

The Group Borrower shall, and shall procure that each Guarantor shall, have its centre of main interests for the purposes of the EU Insolvency Regulation (EC) No 1346/2000 of 29th May, 2000 in the United Kingdom and have no establishment outside of the United Kingdom and further that it shall not take any action, nor permit any action to be taken, which may result in the location of its centre of main interests moving to a Member State of the European Union other than the United Kingdom.

(j) **Floating Charge Following Change of Law**

(i) If the Security Trustee (upon becoming aware of the same) notifies the Group Borrower that, following a Change of Law, the Security Trustee determines that the security over the Charged Property is or will be materially adversely affected as a result of such Change of Law:

(A) the Group Borrower shall take such steps, if any, as soon as practicable as shall, in the opinion of the Security Trustee, remove the eventuality of such material adverse effect occurring in respect of the Charged Properties; or

(B) in the case of a material adverse effect concerning the security over the Charged Properties only, the Group Borrower may choose instead to grant to the Loan Facility Provider a floating charge so that the security in favour of the Loan Facility Provider comprises a charge over all or substantially all of the assets of the Group Borrower (provided that such floating charge shall contain no greater restriction on the Group Borrower's business and the ability to deal with its assets than are contained in the Loan Facility Agreement and such floating charge may rank after other floating charges granted by the Group Borrower) and, to the extent that the same would not, in the opinion of the Security Trustee, satisfy the requirements of subparagraph (A) above as regards the security over the Charged Properties, the Group Borrower shall not be required to grant such floating charge or to take any such further steps as regards the security over the Charged Properties and, for the avoidance of doubt, the provisions of this subparagraph (B) shall not apply in such case.

(ii) In making any determination under this Clause 8.3(j) the Security Trustee shall be entitled to rely on the opinion or advice of legal or financial advisers selected by it and shall have no liability to any person for so relying.

9. PROVISION OF INFORMATION

9.1 Disclosure of Information to assist

The Group Borrower shall permit (subject to any applicable confidentiality restrictions) and shall use reasonable endeavours to provide directly to (or to the Loan Facility Provider for onward transmission to) such persons (including, but not limited to, the dealer, security trustee, rating agencies, stockbrokers, accountants, auditors, valuers or any other legal or professional advisers) as the Loan Facility Provider may specify (acting on the advice of a dealer or any such adviser or associated party) to be appropriate for the purpose of achieving the issue of the Notes, such information, such documents and such certificates concerning the Group Borrower, its finances and

affairs, as the Loan Facility Provider may reasonably require or request (acting on the advice of a dealer or any such adviser or associated party) for the purpose of facilitating the issue of the Notes including for the purpose of obtaining the admission of the Notes to listing or trading on any stock exchange.

9.2 Offering Circular and any Supplement Information

The Group Borrower shall, and shall procure that each of the Guarantors shall, consent to the publication of any information concerning itself in respect of any offering document relating to the issue of the Notes.

10. TAX GROSS UP AND INDEMNITIES

10.1 Definitions

Unless a contrary indication appears, in this Clause 10 a reference to "determines" or "determined" means a determination made in the absolute discretion of the person making the determination.

10.2 Tax gross-up on Loan payments

- (a) The Group Borrower shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- (b) The Group Borrower shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Loan Facility Provider accordingly. Similarly, the Loan Facility Provider on becoming so aware in respect of a payment payable to the Loan Facility Provider shall notify the Group Borrower.
- (c) If a Tax Deduction is required by law to be made by the Group Borrower, the amount of the payment due from the Group Borrower shall be increased to an amount which (after making any Tax Deduction) will result in the Loan Facility Provider receiving an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (d) If the Group Borrower is required to make a Tax Deduction, the Group Borrower shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (e) Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Group Borrower shall deliver to the Loan Facility Provider evidence reasonably satisfactory to the Loan Facility Provider that the Tax Deduction has been made or (as applicable) any appropriate payment has been paid to the relevant Taxing Authority.

10.3 Tax indemnity

- (a) The Group Borrower shall (within three Business Days of demand by the Loan Facility Provider) pay to the Loan Facility Provider an amount equal to the loss, liability or cost which the Loan Facility Provider determines will be or has been (directly or indirectly) suffered for or on account of Tax by the Loan Facility Provider in respect of a Finance Document or the Group Borrower Security Deed.
- (b) Clause 10.3(a) above shall not apply:

- (i) with respect to any Tax assessed on the Loan Facility Provider under the law of the United Kingdom or, if different, the jurisdiction (or jurisdictions) in which the Loan Facility Provider is treated as resident for tax purposes, if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by the Loan Facility Provider; or
- (ii) to the extent a loss, liability or cost is compensated for by an increased payment under Clause 10.2 (*Tax gross-up on Loan payments*).

10.4 Tax Credit

If the Group Borrower makes a Tax Payment and the Loan Facility Provider determines that:

- (a) a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part, or to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and
- (b) the Loan Facility Provider has obtained, utilised and retained that Tax Credit,

the Loan Facility Provider shall pay an amount to the Group Borrower which the Loan Facility Provider determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Group Borrower.

10.5 Loan Facility Provider Confirmation

The Loan Facility Provider confirms to the Group Borrower that it is a company resident in the United Kingdom for United Kingdom tax purposes.

10.6 Value added tax

- (a) All amounts set out, or expressed to be payable under a Finance Document by the Group Borrower to the Loan Facility Provider which (in whole or in part) constitute the consideration for any supply for VAT purposes shall be deemed to be exclusive of any VAT which is chargeable on such supply, and accordingly, subject to Clause 10.6(b) below, if VAT is chargeable on any supply made by the Loan Facility Provider to the Group Borrower under a Finance Document and the Loan Facility Provider is required to account to the relevant tax authority for such VAT, the Group Borrower shall pay to the Loan Facility Provider (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT (and the Loan Facility Provider shall promptly provide an appropriate VAT invoice to such Party).
- (b) Where a Finance Document requires the Group Borrower to reimburse the Loan Facility Provider for any costs or expenses, the Group Borrower shall also at the same time pay and indemnify the Loan Facility Provider against all VAT incurred by the Loan Facility Provider in respect of the costs or expenses to the extent that the Loan Facility Provider reasonably determines that neither it nor any other member of any group of which it is a member for VAT purposes is entitled to credit or repayment from the relevant Taxing Authority in respect of the VAT.

10.7 Gross-up on Note Payments

If as a result of any actual or proposed change in tax law, the Loan Facility Provider determines (in its reasonable commercial judgement) that it would on the next following Note Payment Date be required to withhold or deduct on account for tax on any payments made under the Notes and as a

result would be required to pay additional amounts, as provided or referred to in Condition 10 (*Taxation*), the Group Borrower shall pay to the Loan Facility Provider such additional amounts as will enable the Loan Facility Provider (after such withholding or deduction) to pay to the Noteholders and Couponholders the amounts of principal and interest which they would have received in respect of such Series of Notes in the absence of such withholding or deductions. However, in such circumstances, the Group Borrower may by notice to the Loan Facility Provider require the Loan Facility Provider to exercise its option to redeem the Notes early pursuant to Condition 9.3 (*Redemption for tax reasons*) and a corresponding amount under the Loan Facility should become repayable, provided that the Loan Facility Provider is entitled to do so pursuant to Condition 9.3 (*Redemption for tax reasons*).

11. CHANGES IN CIRCUMSTANCES

11.1 Increased Costs

(a) Subject to Clause 11.3 (*Exceptions*) the Group Borrower shall, within three Business Days of a demand by the Loan Facility Provider, pay for the account of the Loan Facility Provider the amount of any Increased Costs incurred by the Loan Facility Provider as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation whether made on or after the date of the Loan Facility Agreement.

(b) In the Loan Facility Agreement **Increased Costs** means:

(i) an additional or increased cost; or

(ii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by the Loan Facility Provider to the extent that it is attributable to the Loan Facility Provider having advanced the Total Advance Amount to the Group Borrower or funding or performing its obligations under any Finance Document.

11.2 Increased Cost Claims

If the Loan Facility Provider makes, or intends to make, a claim pursuant to Clause 11.1 (*Increased Costs*) it shall promptly notify the Group Borrower of the event which will give, or has given, rise to the claim **provided that** nothing herein shall require the Loan Facility Provider to disclose any confidential information relating to the organisation of its affairs. The Loan Facility Provider shall, as soon as practicable after a demand by it, provide a certificate confirming the amount of the claim it is making, or intending to make, pursuant to Clause 11.1 (*Increased Costs*).

11.3 Exceptions

Clause 11.1 (*Increased Costs*) does not apply to:

(a) any increased cost or reduction in return compensated for by the operation of Clause 10.2 (*Tax gross-up on Loan payments*) or Clause 10.3 (*Tax indemnity*) (or which would have been so compensated but for the application of any exception therein); or

(b) any increased cost resulting from any wilful breach by the Loan Facility Provider of any applicable law or legally binding regulation.

11.4 Mitigation

- (a) The Loan Facility Provider shall, in consultation with the Group Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under, or cancelled pursuant to, either of Clause 10.3 (*Tax indemnity*) or Clause 11.1 (*Increased Costs*) including (but not limited to) transferring its rights and obligations under the Finance Documents, the Group Borrower Security Deed, the Security Documents and each Account Charge to a Substitute Issuer pursuant to Condition 17 (*Substitution*).
- (b) Clause 11.4(a) above does not in any way limit the obligations of any Obligor or the Loan Facility Provider, as the case may be, under the Finance Documents, the Group Borrower Security Deed or the Security Documents and each Account Charge.

11.5 Limitation of liability

- (a) The Group Borrower shall indemnify the Loan Facility Provider for all costs and expenses reasonably incurred by the Loan Facility Provider as a result of steps taken by it under Clause 11.4 (*Mitigation*).
- (b) The Loan Facility Provider is not obliged to take any steps under Clause 11.4 (*Mitigation*) if, in the opinion of the Loan Facility Provider (acting reasonably), to do so might be prejudicial to it.

12. FINANCIAL COVENANTS

12.1 Asset Cover Test

The Group Borrower covenants with the Loan Facility Provider to ensure that from the date of the Loan Facility Agreement until all amounts due from the Group Borrower under the Loan Facility Agreement have been repaid in full:

- (a) where the Numerical Apportionment Basis has been specified in the Loan Transaction Terms as the method of apportionment of Charged Properties in relation to the Loan Facility, the aggregate of:
 - (i) the Minimum Value of the NAB Charged Properties multiplied by the Series Security Percentage; and
 - (ii) the aggregate amount of any Charged Cash in any Cash Security Account relating to such Series,is not less than the outstanding principal amount of the Loan Facility (the **NAB Asset Cover Test**); and
- (b) where the Specific Allocation Basis has been specified in the Loan Transaction Terms as the method of apportionment of Charged Properties in relation to the Loan Facility, the aggregate of:
 - (i) the Minimum Value of the SAB Charged Properties relating to the relevant Loan Facility; and
 - (ii) the aggregate amount of any Charged Cash in any Cash Security Account relating to such Series,

is not less than the outstanding principal amount of the Loan Facility (the **SAB Asset Cover Test**);

- (c) The Group Borrower shall provide to the Loan Facility Provider and the Security Trustee, on each Valuation Date, a Compliance Certificate, together with the relevant Valuation Report signed by an Authorised Signatory of the Group Borrower.
- (d) In the event that the basis of the Loan Facility Provider's apportionment of security in respect of the Group Borrower's obligations under the Loan Facility Agreement is changed to the Specific Apportionment Basis in accordance with the Security Trust Deed, the relevant Asset Cover Test and each of the provisions relating to the release, addition, substitution and apportionment of Charged Properties in the Loan Facility Agreement shall be construed accordingly.

12.2 Charged Cash

- (a) The Group Borrower may, at any time, place funds with the Issuer and the Issuer may deposit, or arrange for the deposit, of money into the Cash Security Account (if any) relating to the corresponding Series of Notes for the purpose of satisfying the relevant Asset Cover Test.
- (b) The Loan Facility Provider acknowledges that all sums standing to the credit of the Cash Security Account (if any) shall be charged in favour of the Note Trustee pursuant to the terms of the Note Trust Deed.
- (c) Subject to the delivery by the Group Borrower to the Loan Facility Provider and the Security Trustee of a Compliance Certificate demonstrating that, immediately upon the release of all or any portion of the Charged Cash, the relevant Asset Cover Test will be satisfied, the Loan Facility Provider shall be entitled to have released to it the Charged Cash (or the relevant portion thereof) from the Cash Security Account (if any).
- (d) For the avoidance of doubt, following the redemption in full of the Notes by the Loan Facility Provider, the Loan Facility Provider may release any amount standing to the credit of the Cash Security Account (if any) to itself to the extent such balance has not otherwise been applied in accordance with the terms of the Note Trust Deed.

13. SUBSTITUTION AND RELEASE OF CHARGED PROPERTIES AND STATUTORY DISPOSALS

13.1 Substitution of Charged Properties

- (a) Subject to Clause 13.4, at the request and expense of the relevant Guarantor (acting through the Group Borrower), the Security Trustee shall (and the Loan Facility Provider shall be deemed to direct the Security Trustee to) release from the relevant Security Documents (and/or reallocate, if applicable) such of the NAB Charged Properties or the SAB Charged Properties allocated to the Loan Facility Provider as Beneficiary, as the case may be, and substitute such of the Properties (each, a **Substitute Property**) as may be selected by the relevant Guarantor (acting through the Group Borrower) provided that the Group Borrower delivers to the Loan Facility Provider and the Security Trustee a completed Substitute Property Certificate, certifying that, *inter alia*, the relevant Substitute Property is a Residential Property of a type and nature that is usually owned by Registered Providers of Social Housing, and immediately following such release (and/or reallocation, if applicable), the NAB Asset Cover Test or the SAB Asset Cover Test, as the case may be, will not be

breached as a result of the substitution of the relevant Properties and that no Loan Event of Default or Potential Loan Event of Default has occurred and is continuing.

- (b) Subject to the delivery by the Group Borrower to the Loan Facility Provider and the Security Trustee of a completed Substitute Property Certificate and, subject to Clause 13.1(c), the Legal Charges Conditions Precedent Documents, the Loan Facility Provider shall be deemed to have confirmed to the Security Trustee under the Security Trust Deed its satisfaction with the conditions of clause 6.2 (*Substitution of Security Assets*) of the Security Trust Deed in relation to the Substitute Properties and that no Loan Event of Default or Potential Loan Event of Default has occurred and is continuing.

13.2 Release of Charged Properties

Subject to Clause 13.4, at the request and expense of the relevant Guarantor (acting through the Group Borrower), the Security Trustee shall release (and the Loan Facility Provider shall be deemed to direct the Security Trustee to release) from the relevant Security Documents (and/or reallocate, if applicable) such of the NAB Charged Properties or the SAB Charged Properties allocated to the Loan Facility Provider as Beneficiary, as the case may be, as may be selected by the relevant Guarantor (acting through Group Borrower) provided that the Group Borrower delivers to the Loan Facility Provider and the Security Trustee a completed Property Release Certificate, certifying that, immediately following such release (and/or reallocation, if applicable), the NAB Asset Cover Test or the SAB Asset Cover Test, as the case may be, will not be breached as a result of the release (and/or reallocation, if applicable) of the relevant NAB Charged Properties or the SAB Charged Properties, respectively and that no Loan Event of Default or Potential Loan Event of Default has occurred and is continuing.

13.3 Statutory Disposals

Subject to Clause 13.4, each Guarantor shall have the right to withdraw Property from the relevant NAB Charged Properties or the SAB Charged Properties, as the case may be, as may be subject to any Statutory Disposal, provided that the Group Borrower delivers to the Loan Facility Provider and the Security Trustee a completed Statutory Disposal Certificate, certifying that the relevant withdrawal relates to a Statutory Disposal and that, immediately following such release, the NAB Asset Cover Test or the SAB Asset Cover Test, as the case may be, will not be breached as a result of the release of the relevant Charged Properties.

13.4 Additional provisions on the release (and/or reallocation) of Charged Properties

The provisions of Clauses 13.1 to 13.3 above shall not apply to:

- (a) a release (and/or reallocation, if applicable) or release (and/or reallocation, if applicable) and substitution of Unallocated Charged Properties; or
- (b) a release (and/or reallocation, if applicable) or release (and/or reallocation, if applicable) and substitution of Units where this would not reduce the number of Units allocated to the Loan Facility Provider (in its capacity as a Beneficiary on behalf of the Finance Parties) as set out in the latest NAB Apportionment Certificate,

provided in each case that no Loan Event of Default or Potential Loan Event of Default has occurred and is continuing at that time or would result from that release (and/or reallocation, if applicable) or release (and/or reallocation, if applicable) and substitution.

13.5 Approval of New Properties

Subject to the delivery by the Group Borrower to the Loan Facility Provider and the Security Trustee of a completed New Property Approval Certificate confirming that *inter alia*, the proposed New Properties are Residential Properties of a type and nature that are usually owned by Registered Providers of Social Housing, and that a Full Valuation has been delivered to the Security Trustee pursuant to the Security Trust Deed and the other Legal Charges Condition Precedent Documents, the Loan Facility Provider shall be deemed to have confirmed to the Security Trustee under the Security Trust Deed its satisfaction with the conditions of clause 3.2 (*Additional Security*) of the Security Trust Deed.

14. VALUATIONS

14.1 Full Valuations and Desk Top Valuations

- (a) Subject to Clause 14.2 (*Rolling Valuations*), the Group Borrower shall deliver, or procure the delivery, to the Loan Facility Provider and the Security Trustee of:
- (i) a Full Valuation which values all Charged Properties on a full valuation basis at least once in every period of five calendar years. The first such Full Valuation must be delivered in the period between 31st March in the year specified as the First Full Valuation Year in the Loan Transaction Terms and the date falling 120 days thereafter (or, at the option of the Group Borrower, within the same period in any prior calendar year) and unless the Loan Facility Provider, the Group Borrower and the Security Trustee agree otherwise, thereafter within 120 days of each consecutive fifth anniversary of the date on which the Full Valuation was previously provided; and
 - (ii) a Desk Top Valuation which values all the Charged Properties on a "desk-top" basis in the period between 31st March and the date falling 120 days thereafter in each year other than a year in respect of which such Charged Properties have been valued on a full valuation basis through the delivery of a Full Valuation in accordance with Clause 14.1(a)(i) (*Full Valuations and Desk Top Valuations*). The first such Desk Top Valuation must be delivered within 120 days of 31st March in the year specified as the First Desk Top Valuation Year in the Loan Transaction Terms.
- (b) Each Guarantor may at any time deliver a Full Valuation to the Security Trustee for the purposes of Clause 13.1 (*Substitution of Charged Properties*).

14.2 Rolling Valuations

- (a) Notwithstanding Clause 14.1(a) (*Full Valuations and Desk Top Valuations*), the Group Borrower may elect to deliver, or procure the delivery of, a Rolling Valuation, instead of a Full Valuation and Desk Top Valuation as described in Clause 14.1, to the Loan Facility Provider and the Security Trustee in the period between 31st March and the date falling 120 days thereafter in each year whereby the Valuer values:
- (i) not less than 20 per cent. of the Charged Properties on a full valuation basis (such Charged Properties being Charged Properties which have not been the subject of a full valuation in either a Full Valuation (other than a Full Valuation prepared pursuant to Clause 14.1(a)(i) (*Full Valuations and Desk Top Valuations*)) or a Rolling Valuation prepared in the preceding two years and such that 100 per cent. of Charged Properties are valued on a full valuation basis in any five year period following the election by the Group Borrower to deliver, or procure the delivery of,

Rolling Valuations taking into account any additions, substitutions and withdrawals of Charged Properties in accordance with Clause 13 (*Substitution and Release of Charged Properties and Statutory Disposals*) unless otherwise agreed between the Loan Facility Provider, the Group Borrower and the Security Trustee); and

(ii) the remaining Charged Properties on a "desk-top" basis,

(each such valuation, a **Rolling Valuation**).

(b) For the avoidance of doubt, if the Group Borrower elects to deliver, or procure the delivery of a Rolling Valuation in accordance with this Clause 14.2 (*Rolling Valuations*) the Group Borrower will not be required to deliver, or procure the delivery of, a Full Valuation every five years and a Desk Top Valuation in each year in which a Full Valuation is not produced.

14.3 Preparation and Form of Valuations

(a) The Group Borrower shall, and shall procure that each Guarantor shall, give the relevant Valuers all reasonable assistance to enable them to carry out a Valuation of all the Charged Properties and permit them such access to the Charged Properties and the records and accounts of each Guarantor as they reasonably require.

(b) Each Valuation shall set out in reasonable detail the Value of the Charged Properties as at a date no more than 90 days prior to the date of delivery of the Valuation.

(c) All Valuations shall be at the expense of the Group Borrower (including, without limitation, the Valuers' fees and VAT thereon).

15. CERTIFICATES AND REPORTS BY AUDITORS, VALUERS AND OTHER EXPERTS

Any certificate or report given by the Auditors, Valuers or other experts whose identity is approved by the Security Trustee (including, without limitation, in relation to the relevant Asset Cover Test) at any particular time under any provision of the Loan Facility Agreement shall (in the absence of manifest error) be conclusive and binding for all the purposes of the Loan Facility Agreement on the Group Borrower, the Loan Facility Provider, the Security Trustee, the Noteholders and all other persons and the Group Borrower hereby covenants with the Loan Facility Provider and the Security Trustee that it shall obtain all such certificates or reports by the Auditors, Valuers or other experts as the Security Trustee considers requisite for the purposes of the Loan Facility Agreement.

16. LOAN EVENTS OF DEFAULT

Each of the events set out in Clauses 16.1 (*Non-payment*) to 16.9 (*Breach of Asset Cover Test*) below is a **Loan Event of Default**.

16.1 Non-payment

An Obligor fails to pay any sum due from it under the Finance Documents in the manner specified therein, unless the non-payment continues for a period of not more than seven days in the case of principal and not more than 14 days in the case of interest.

16.2 Breach of Other Obligations

An Obligor fails duly to perform or comply with any other obligation expressed to be assumed by it in any Finance Document or any Security Document to which it is a party (other than (a) those referred to in Clause 16.1 (*Non-payment*) above and 16.9 (*Breach of Asset Cover Test*) below) and

(except in any case where, in the opinion of the Security Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 Business Days next following the service by the Security Trustee on the relevant Obligor of notice requiring the same to be remedied.

16.3 Other Non-payment

- (a) Any other present or future indebtedness of an Obligor 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);
- (b) any such indebtedness of an Obligor is not paid when due or, as the case may be, within any applicable grace period; and
- (c) an Obligor fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised,

provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned in (a), (b) or (c) above in this Clause 16.3 have occurred equals or exceeds £15,000,000 or its equivalent in other currencies (as reasonably determined by the Security Trustee) and provided further, for the avoidance of doubt, that the amounts mentioned in this Clause 16.3 shall exclude the amount of any Public Sector Subsidy except for any Public Sector Subsidy which is or becomes due and payable to the relevant grant making body or organisation.

16.4 Winding-up

Any order is made by any competent court or resolution passed for the winding up or dissolution of an Obligor save for the purposes of a Permitted Reorganisation or other reorganisation on terms previously approved in writing by the Security Trustee.

16.5 Cessation of Business

An Obligor ceases or threatens to cease to carry on the whole or, as determined by the Security Trustee, a substantial part of its business, save for the purposes of a Permitted Reorganisation or other reorganisation on terms previously approved in writing by the Security Trustee, or an Obligor stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent.

16.6 Insolvency

(A) Proceedings are initiated against an Obligor 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 an Obligor or, as the case may be, in relation to all or substantially all of an Obligor's undertaking or assets, or an encumbrancer takes possession of all or substantially all of an Obligor's undertaking or assets, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against all or substantially all of an Obligor's undertaking or assets and (B) in any case (other than the appointment of an administrator) is not discharged within 14 days, save for the purposes of a Permitted Reorganisation or other reorganisation on terms previously approved in writing by the Security Trustee.

16.7 Insolvency Proceedings

An Obligor initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors), save for the purposes of a Permitted Reorganisation or other reorganisation on terms previously approved in writing by the Security Trustee.

16.8 Unlawfulness

It is or becomes unlawful for an Obligor to perform any of its material obligations under the Finance Documents or the Security Documents to which it is a party.

16.9 Breach of Asset Cover Test

The Group Borrower fails to perform its obligations under Clause 12.1 (*Asset Cover Test*) and (except in any case where, in the opinion of the Security Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 60 days next following the service by the Security Trustee on the Group Borrower of notice requiring the same to be remedied.

16.10 Obligation to Notify the Loan Facility Provider and the Security Trustee

- (a) Each Obligor shall notify the Loan Facility Provider and the Security Trustee of any Loan Event of Default (and the steps, if any, being taken to remedy it) or Potential Loan Event of Default promptly upon becoming aware of the same (unless that Obligor is aware that a notification has already been provided by another Obligor). The Loan Facility Provider shall also notify the Security Trustee of any Loan Event of Default or Potential Loan Event of Default promptly upon becoming aware of the same (unless the Loan Facility Provider is aware that a notification has already been provided by an Obligor) including, but not limited to, the non-payment by an Obligor of any amounts owing to the Loan Facility Provider under the Loan Facility Agreement on the due date for payment thereof.
- (b) The Group Borrower shall give to the Security Trustee and the Loan Facility Provider (i) within ten days upon a request by the Loan Facility Provider and/or the Security Trustee and (ii) promptly and in any event not later than 180 days after the end of each financial year, a certificate signed by two of its Authorised Signatories on its behalf certifying that no Loan Event of Default or Potential Loan Event of Default is continuing (or, if a Loan Event of Default or Potential Loan Event of Default is continuing, specifying the Loan Event of Default and the steps, if any, being taken to remedy it).

16.11 Action Upon a Loan Event of Default

- (a) Acceleration and Cancellation

Upon the occurrence of a Loan Event of Default (but in the case of happening of any of the events described in Clauses 16.2 (*Breach of Other Obligations*) to 16.4 (*Winding-up*) (other than the winding up or dissolution of the Group Borrower) inclusive, only the Security Trustee shall have certified in writing to the Group Borrower that such event is, in its opinion, materially prejudicial to the Loan Facility Provider), at any time thereafter (whilst it is continuing and unwaived), the Security Trustee at its discretion may, and shall if so directed by the Loan Facility Provider, by notice to the Obligors:

- (i) declare the Loan Facility to be immediately due and payable (whereupon the same shall become so payable together with accrued interest thereon and any other sums then owed by the Group Borrower hereunder); and/or
 - (ii) permit the Charged Cash standing to the credit of the Cash Security Account (if any) to be applied in discharge of the Group Borrower's obligations under the Loan Facility Agreement.
- (b) Call on the Deed of Guarantee

Upon the occurrence of a Loan Event of Default (but in the case of the happening of any of the events described in Clauses 16.2 (*Breach of Other Obligations*) to 16.4 (*Winding-up*) (other than the winding up or dissolution of the Group Borrower) inclusive, only if the Security Trustee shall have certified in writing to the Group Borrower that such event is, in its opinion, materially prejudicial to the Loan Facility Provider), at any time thereafter (whilst it is continuing and unwaived), the Security Trustee at its discretion may, and shall if so directed by the Loan Facility Provider, by notice to the Guarantors, call for payment of all amounts due under the Deed of Guarantee in respect of an Advance made hereunder.

In the event that the Guarantors fail to pay on demand amounts owing by them to the Loan Facility Provider, subject always to the provisions of the Security Documents, the Security Trustee at its discretion may, and shall if so directed by the Loan Facility Provider, serve notice of an Enforcement Event (as defined in the Security Trust Deed) on the Group Borrower and/or the Guarantors and decide to enforce the Security and if so, the Loan Facility Provider shall direct the Security Trustee to enforce:

- (i) in the event that there are any NAB Charged Properties, the security in respect of the NAB Charged Properties apportioned to the Loan Facility Provider in accordance with the NAB Administration Agreement and the Security Trust Deed; and
- (ii) in the event that there are any SAB Charged Properties, the security in respect of the SAB Charged Properties apportioned to the Loan Facility Provider in accordance with the Security Trust Deed,

and, if permitted to do so by the Security Trust Deed, the Unallocated Charged Properties, and the Security Trustee shall be bound to declare, direct or take any such proceedings if it shall have been (a) so directed by the Loan Facility Provider and (b) indemnified and/or secured (whether by the provision of security or otherwise) and/or prefunded to its satisfaction.

16.12 Limited Recourse Obligation of Guarantors

All obligations of the Guarantors under the Deed of Guarantee to the Loan Facility Provider as Guarantee Beneficiaries shall be limited as set out in clause 3.2 (*Limited recourse to Security*) of the Deed of Guarantee.

17. INDEMNITY

17.1 General Indemnity

The Group Borrower undertakes to indemnify the Loan Facility Provider and the Security Trustee on demand against any cost, claim, loss, expense (including legal fees) or liability, which it may sustain or incur as a consequence of:

- (a) the occurrence of any Loan Event of Default or any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in any of the Finance Documents or the Security Documents or the investigation of any Loan Event of Default or such default which the Loan Facility Provider or Security Trustee reasonably believes is a Loan Event of Default or such default;
- (b) an Advance not being made on the Series Closing Date as a result of the Group Borrower failing to deliver the required Conditions Precedent Documents to the Loan Facility Provider in accordance with Clause 2.4 (*Conditions Precedent Documents for Advances*) (to the extent not expressly waived by the Loan Facility Provider) and/or not satisfying any of the conditions in Clause 4 (*Making of Advances*) for that Advance;
- (c) any prepayment of the Notes in accordance with Condition 9.2 (*Early Redemption*) and Condition 9.4 (*Mandatory Early Redemption*), including any prepayment penalty incurred by the Loan Facility Provider in connection therewith; or
- (d) acting or relying on any formal notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised (having made all appropriate checks).

18. CONDUCT OF BUSINESS BY THE LOAN FACILITY PROVIDER AND THE SECURITY TRUSTEE

No provision of the Finance Documents or Security Documents will:

- (a) interfere with the right of the Loan Facility Provider or the Security Trustee to arrange their respective affairs (tax or otherwise) in whatever manner they think fit;
- (b) oblige the Loan Facility Provider or the Security Trustee to investigate or claim any credit, relief, remission or repayment available to them or the extent, order and manner of any claim; or
- (c) oblige the Loan Facility Provider or the Security Trustee to disclose any information relating to their respective affairs (tax or otherwise) or any computations in respect of tax.

19. PAYMENTS

19.1 Payments to the Loan Facility Provider

On each date on which the Group Borrower or the Loan Facility Provider is required to make a payment under a Finance Document, the Group Borrower or the Loan Facility Provider shall make the same available to the other (unless a contrary indication appears in a Finance Document) in the Specified Currency (subject to Clause 19.5) and in immediately available, freely transferable, cleared funds by standing order, CHAPS or BACS to such account as the other may have specified for this purpose.

19.2 Distributions to the Group Borrower

The Loan Facility Provider may (with the consent of the Group Borrower but subject to preserving the mechanics for operating the Receipts Account and the Receipts Account) apply any amount received by it for the Group Borrower in or towards payment (on the date and in the currency and funds of receipt) of any amount due from the Group Borrower under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

19.3 No Set-off

All payments required to be made by the Group Borrower under any Finance Document shall be calculated without reference to any set-off or counterclaim and shall be made free and clear of and without any deduction for or on account of any set-off or counterclaim.

19.4 Payments: General

- (a) All Advances made by the Loan Facility Provider shall be paid by the Group Borrower into the Disbursement Account or such other account specified in the Loan Transaction Terms.
- (b) If a payment under a Finance Document is due on a day which is not a Business Day, the due date for that payment will instead be the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not) or whatever other day the Loan Facility Provider determines is market practice.
- (c) During any extension of the due date for payment of any principal or unpaid sum under the Loan Facility Agreement, interest is payable on that principal or unpaid sum at the rate payable on the original due date.
- (d) The Loan Facility Provider hereby agrees that the Group Borrower shall be authorised to make withdrawals from the Receipts Account **provided that** the Group Borrower shall apply the full amount of the proceeds of any such withdrawal towards the obligations of the Group Borrower under the Loan Facility Agreement in accordance with the terms thereof.

19.5 Currency of Payment

If any payment in respect of the Loan Facility is payable in a Specified Currency other than U.S. dollars that is no longer used by the government of the country issuing such currency for the payment of public and private debts or used for settlement of transactions by public institutions in such country or within the international banking community, or in a Specified Currency that is not expected to be available, when any payment on any Notes is due as a result of circumstances beyond the control of the Group Borrower, the Group Borrower shall be entitled to satisfy its obligations in respect of such payment by making such payment in U.S. dollars on the basis of the noon buying rate in U.S. dollars in the City of New York for wire transfers for such Specified Currency as published by the Federal Reserve Bank of New York on the second Business Day prior to the Payment Date or, if such rate is not available on such second Business Day, on the basis of the rate most recently available prior to such second Business Day. Any payment made under such circumstances in such other currency or U.S. dollars, will constitute valid payment, and will not constitute a default in respect of the Loan Facility. For the avoidance of doubt, this Clause 19.5 shall not apply in the event that the Specified Currency is no longer in use as a result of the participation of the Specified Currency in the third stage of the European economic and monetary union.

For the purpose of this Clause 19.5, **Business Day** means a day on which the Federal Reserve Bank of New York is open for business in New York City.

20. SET-OFF BY THE LOAN FACILITY PROVIDER

Following the occurrence of a Loan Event of Default which is continuing, the Loan Facility Provider may under any Finance Document set off any matured obligation owed by the Group Borrower under the Finance Documents against any obligation (whether or not matured) owed by the Loan Facility Provider under any Finance Document to the Group Borrower, regardless of place of payment, booking branch or currency of either obligation. If the obligations are in different

currencies, the Loan Facility Provider may convert either obligation at a market rate of exchange in its usual course of business for the purposes of such set off.

21. COSTS AND EXPENSES

21.1 Initial fees and expenses

The Group Borrower shall, on the Series Closing Date, compensate the Loan Facility Provider for each of the following matters in accordance with Clause 21.3 (*Annual Fee*):

- (a) to the extent that such have been paid by the Loan Facility Provider, the expenses (including legal fees) incurred by the Loan Facility Provider in connection with the negotiation and drafting of the Finance Documents and each Series of Notes plus any applicable disbursements;
- (b) any fee payable by the Loan Facility Provider to the Note Trustee for its own account in the amount and on the date agreed in a letter between the Loan Facility Provider and the Note Trustee dated the Series Closing Date;
- (c) any charges made by the Rating Agency in connection with the initial rating of the Programme and the Notes;
- (d) any amounts payable to any listing authority in connection with the Programme and the issue of the Notes; and
- (e) any fees and costs properly incurred in connection with preparing or establishing the Programme and any other fees and costs properly incurred by the Loan Facility Provider in issuing the Notes and providing the Loan Facility in the relevant proportion attributable to the Notes, as determined in the reasonable opinion of the Loan Facility Provider.

21.2 Payment of initial fees and expenses

Any amounts payable by the Group Borrower to the Loan Facility Provider as initial fees pursuant to Clause 21.1 (*Initial fees and expenses*) may, at the Group Borrower's option, be:

- (a) deducted by the Loan Facility Provider from the Advance(s); or
- (b) paid by the Group Borrower to the Loan Facility Provider on the Series Closing Date for distribution to the relevant parties.

21.3 Annual Fee

The Group Borrower shall, on or before the Payment Date falling immediately after each Anniversary, pay to the Loan Facility Provider a fee representing, in the reasonable opinion of the Loan Facility Provider, an amount equal to the relevant proportion of the Issuer Expenses and Trustee Expenses attributable to the relevant Series of Notes issued by the Loan Facility Provider to fund the Loan.

21.4 Ongoing Fees

At the demand of the Loan Facility Provider, the Group Borrower shall, within seven days of such demand, reimburse the Loan Facility Provider and the Security Trustee for all expenses (including legal and out-of-pocket expenses) properly incurred by the Loan Facility Provider or the Security Trustee, as the case may be, in contemplation of, or otherwise in connection with, the enforcement

of, or preservation of any rights under, or the amendment or extension (requested by the Group Borrower) of, or the granting of any consent or waiver under, or dealing with any request from the Group Borrower for the release of security or the taking of substitute security pursuant to any of the Finance Documents, or otherwise in respect of the monies owing under any of the Finance Documents.

21.5 Costs

The Group Borrower and the Guarantors shall bear their own costs in complying with Clause 9.1 (*Disclosure of Information to assist*) and Clause 9.2 (*Offering Circular and any Supplement Information*) (including any reasonable external costs incurred by any of them in respect thereof).

21.6 Stamp and Other Duties

The Group Borrower shall pay and, within three Business Days of demand, indemnify the Loan Facility Provider and the Security Trustee against:

- (a) any cost, loss or liability which the Loan Facility Provider or the Security Trustee may incur in relation to any stamp duty land tax, stamp duty, registration and other similar Taxes payable in respect of, or in order to register or enforce, any Finance Document, any Security Document or the Account Charge and shall indemnify the Loan Facility Provider against any liability arising by reason of any delay or omission by the Group Borrower to pay such duties or Taxes; and
- (b) the Group Borrower's reasonable costs incurred in connection with making any disclosure required of the Loan Facility Provider under Part 7 of the Finance Act 2004 in relation to any arrangements contemplated by the Finance Documents or Security Documents,

provided that the Group Borrower shall not be obliged to make any payment in respect of any stamp duty payable in respect of the assignment, conveyance or transfer after the issue thereof of any of the Notes or any Taxes (except withholding tax) on the gains or profits of the Loan Facility Provider.

22. TRANSFERS

22.1 Binding Agreement

The Loan Facility Agreement shall be binding upon and inures to the benefit of each party hereto and its or any subsequent successors, transferees and assigns.

22.2 No Assignments or Transfers by the Group Borrower

The Group Borrower shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder.

22.3 Transfers by the Loan Facility Provider

The Loan Facility Provider may (but, for the avoidance of doubt, shall not be obliged to) transfer by novation its rights and obligations hereunder (in whole but not in part) to a Substitute Issuer, subject to consent being obtained from the Group Borrower and such procedures, conditions and documentation as may be agreed with the Group Borrower and such Substitute Issuer at the relevant time. The Group Borrower's consent to a transfer shall not be unreasonably withheld or delayed.

23. CHANGES TO THE GUARANTORS

23.1 Addition of New Guarantors

- (a) The Group Borrower may procure that any other member of the Clarion Housing Group which is:
- (i) a charity or an exempt charity; and
 - (ii) a Registered Provider of Social Housing,
- may become an Additional Guarantor and may borrow from the Group Borrower pursuant to an On-Loan Agreement by delivering to the Loan Facility Provider and the Security Trustee a Guarantor Accession Notice duly executed by that member of the Clarion Housing Group and acceding to the Security Trust Deed.
- (b) A person may not accede to the Deed of Guarantee pursuant to clause 10 (*Accession to Deed of Guarantee*) thereof unless the Loan Facility Provider has received all of the documents and evidence listed in Part 2 of Schedule 2 (*Guarantor Conditions Precedent Documents*) with respect to such person and each is, in form and substance, satisfactory to it. The Loan Facility Provider shall notify the Group Borrower promptly upon being so satisfied by countersigning the Guarantor Accession Notice.
- (c) For the avoidance of doubt, nothing in this Clause shall prohibit a Permitted Reorganisation.

23.2 Resignation of a Guarantor

- (a) The Group Borrower may request that a Guarantor ceases to be a Guarantor by delivering to the Security Trustee a Guarantor Resignation Notice.
- (b) The Security Trustee shall accept a Guarantor Resignation Notice and countersign the Guarantor Resignation Notice to confirm its acceptance if the Guarantor Resignation Notice confirms that:
- (i) the relevant Asset Cover Test will not be breached by reason of the acceptance of the Guarantor Resignation Notice; and
 - (ii) the Guarantor has ceased to be a Guarantor pursuant to clause 11 of the Deed of Guarantee,
- whereupon that Guarantor shall cease to be a Guarantor for the purposes of the Finance Documents.
- (c) For the avoidance of doubt, nothing in this Clause shall prohibit a Permitted Reorganisation (but without prejudice to Clause 6.4 (*Mandatory Prepayment – Cancellation of Status*)).

24. LOAN FACILITY PROVIDER AS CHARGOR

The Loan Facility Provider shall be entitled to grant Encumbrances over:

- (a) all or any of its rights under all or any of the Finance Documents,
- (b) all sums due or at any time becoming due to it pursuant to any of the Finance Documents, and

- (c) the Benefit of all Encumbrances from time to time held by the Loan Facility Provider pursuant to the Security Documents and the Group Borrower Security Deed,

in favour of the Note Trustee to secure performance by the Loan Facility Provider of its obligations in respect of the Notes and under the Issuer Transaction Documents.

25. CALCULATIONS AND EVIDENCE OF DEBT

25.1 Evidence of Debt

The Loan Facility Provider shall maintain in accordance with its usual practice accounts evidencing the amounts from time to time lent by and owing to it under the Loan Facility Agreement.

25.2 Accounts

Accounts maintained by the Loan Facility Provider and the Security Trustee in connection with the Finance Documents are *prima facie* evidence of the matters to which they relate for the purpose of any litigation or arbitration proceedings.

25.3 Prima Facie Evidence

In any legal action or proceeding arising out of or in connection with the Loan Facility Agreement, the entries made in the accounts maintained pursuant to Clause 25.1 (*Evidence of Debt*) shall be prima facie evidence of the existence and amounts of the specified obligations of the Group Borrower.

25.4 Certificates and Determinations

A certificate or determination by the Loan Facility Provider or the Security Trustee of a rate or amount under the Finance Documents shall, in the absence of manifest error, be conclusive evidence of the matters to which it relates.

26. REMEDIES AND WAIVERS, PARTIAL INVALIDITY

26.1 Remedies and Waivers

No failure to exercise, nor any delay in exercising, on the part of the Loan Facility Provider or the Security Trustee, any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

26.2 Partial Invalidity

If, at any time, any provision of any Finance Document is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of that Finance Document or any other Finance Documents nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

27. AMENDMENT

No Party may amend any term of the Loan Facility Agreement without the prior written consent (such consent not to be unreasonably withheld) of the other Party.

28. NOTICES

28.1 Communications in Writing

Each communication to be made under or in connection with the Loan Facility Agreement shall be made in writing and, unless otherwise stated, may be made by fax, email or letter.

28.2 Addresses

The postal address, email address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Loan Facility Agreement is, unless otherwise specified in the Loan Transaction Terms:

- (a) to the Loan Facility Provider: Clarion Funding plc
Level 6
6 More London Place
London SE1 2DA
- Attention: Ben Fozard
Email: ben.fozard@clarionhg.com
Facsimile No.: 020 7378 5641
- (b) to the Group Borrower : Clarion Treasury Limited
Level 6
6 More London Place
London SE1 2DA
- Attention: Ben Fozard
Email: ben.fozard@clarionhg.com
Facsimile No.: 020 7378 5641
- (c) to the Security Trustee: Prudential Trustee Company Limited
Laurence Pountney Hill
London EC4R 0HH
- Attention: Corporate Trust Manager
Email: trustees@mandg.co.uk
Facsimile No.: 020 7548 3883

or any substitute postal address, email address or fax number or department or officer as a Party may notify to the other by not less than five Business Days' notice.

28.3 Delivery

- (a) Any communication or document made or delivered by one person to another under or in connection with the Loan Facility Agreement will only be effective:
- (i) if by way of fax, when received in legible form; or
 - (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address; or

(iii) if by way of email, when it has been received in a legible form,

and, if a particular department or officer is specified as part of its address details provided under Clause 28.2 (*Addresses*), if addressed to that department or officer.

- (b) Any communication or document to be made or delivered to the Loan Facility Provider or the Security Trustee will be effective only when actually received by the Loan Facility Provider or (as applicable) the Security Trustee and then only if it is expressly marked for the attention of the department or officer identified in Clause 28.2 (*Addresses*) (or any substitute department or officer as the Loan Facility Provider or (as applicable) the Security Trustee shall specify in the Loan Transaction Terms for this purpose).
- (c) Any communication or document made or delivered to the Group Borrower in accordance with this Clause 28 will be deemed to have been made or delivered to the relevant Guarantor.

28.4 Notification of address and fax number

- (a) The Loan Facility Provider shall notify the Group Borrower, promptly upon being notified of a change of postal address, email address or fax number pursuant to Clause 28.2 (*Addresses*) or upon changing its own postal address, email address or fax number.
- (b) Any such electronic communication made between the Parties will be effective only when actually received in readable form and in the case of any electronic communication made by the Group Borrower to the Loan Facility Provider or the Security Trustee only if it is addressed in such a manner as the Loan Facility Provider or the Security Trustee shall specify for this purpose.

28.5 English language

- (a) Any notice given under or in connection with the Loan Facility Agreement must be in English.
- (b) All other documents provided under or in connection with the Loan Facility Agreement must be:
 - (i) in English; or
 - (ii) if not in English, and if so required by the Loan Facility Provider, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

29. SECURITY

The Group Borrower acknowledges that it has notice of, and consents to, the security granted by the Issuer in respect of the Series Charged Property in favour of the Note Trustee (for the benefit of the Series Secured Parties) pursuant to the Note Trust Deed.

30. LAW

30.1 Governing Law

The Loan Facility Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, English law.

30.2 Jurisdiction

The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Loan Facility Agreement (including a dispute relating to any non-contractual obligations arising out of or in connection with the Loan Facility Agreement) and the parties submit to the exclusive jurisdiction of the English courts.

SCHEDULE 1

GROUP BORROWER CONDITIONS PRECEDENT DOCUMENTS

1. A copy (certified to be true and up-to-date by an Authorised Signatory of the Group Borrower) of the constitutional documents of the Group Borrower.
2. A copy of the resolutions of the board of directors of the Group Borrower (or a duly authorised committee of the Group Borrower and, in the case of an authorised committee of the Group Borrower, together with a certified copy of a resolution of the board of directors of the Group Borrower conferring authority upon or establishing the committee):
 - (a) (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and any Security Documents to be entered into on or about the date of the Loan Facility Agreement to which it is a party and resolving that it executes the Finance Documents to which it is a party and any Security Documents to be entered into on or about the date of the Loan Facility Agreement to which it is a party and (ii) if requested by a Dealer, approving the terms of, and the transactions contemplated by, the Group Borrower Security Deed and any other Security Documents to which it is a party and resolving that it executes the Group Borrower Security Deed and any other Security Documents to which it is a party;
 - (b) (i) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf and any Security Documents to be entered into on or about the date of the Loan Facility Agreement to which it is a party on its behalf and (ii) if requested by a Dealer, authorising a specified person or persons to execute the Group Borrower Security Deed and any other Security Documents to which it is a party;
 - (c) (i) authorising its seal to be affixed to the Finance Documents to which it is a party to be executed by it under seal and any Security Documents to be entered into on or about the date of the Loan Facility Agreement to which it is a party to be executed by it under seal and (ii) if requested by a Dealer, authorising its seal to be affixed to the Group Borrower Security Deed and any other Security Documents to which it is a party to be executed by it under seal; and
 - (d) (i) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under, or in connection with, the Finance Documents to which it is a party and any Security Documents to be entered into on or about the date of the Loan Facility Agreement to which it is a party and (ii) if requested by a Dealer, authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under, or in connection with, the Group Borrower Security Deed and any other Security Documents to be entered to which it is a party.
3. A certificate of a duly authorised officer of the Group Borrower confirming that each applicable resolution referred to in paragraph 2 above was passed at duly convened board or committee meeting of the Group Borrower, and that each such board or committee resolution has not been amended, modified or revoked and are in full force and effect and setting out the names and signatures of the persons authorised to sign, on behalf of the Group Borrower, each applicable document referred to in paragraph 2 above and any documents to be delivered by the Group Borrower pursuant thereto or hereto.

4. A certificate of a duly authorised officer of the Group Borrower confirming that the borrowing of the Loan Facilities in full would not cause any borrowing limit binding on it to be exceeded.
5. The Loan Facility Agreement duly executed by each of the parties thereto.
6. The Deed of Covenant duly executed by all parties thereto.
7. Evidence that the Group Borrower has designated the Loan Facility Agreement as a "Designated Agreement" for the purposes of the Deed of Guarantee.
8. A certificate of a duly authorised officer of the Group Borrower, certifying that each copy document specified in this Schedule 1 (other than the legal opinion referred to in paragraph 9 below) is correct, complete, up-to-date and in full force and effect as at a date no earlier than the date of the Loan Facility Agreement.
9. A legal opinion from Allen & Overy LLP or another firm of solicitors acceptable to the Loan Facility Provider addressed to the Loan Facility Provider, the Note Trustee, the Security Trustee and, if requested, the Dealers regarding the power of the Group Borrower to enter into (a) the Loan Facility Agreement and (b) if requested by a Dealer, the other Finance Documents to which the Group Borrower is party and, in each case, confirming that the obligations of the Group Borrower thereunder are legal, valid, binding and enforceable.

SCHEDULE 2

GUARANTOR CONDITIONS PRECEDENT DOCUMENTS

PART 1

CONDITIONS PRECEDENT DOCUMENTS RELATING TO THE EXISTING GUARANTOR

1. A copy (certified to be true and up-to-date by an Authorised Signatory of the Existing Guarantor) of the constitutional documents of the Existing Guarantor.
2. A copy (certified to be a true copy by an Authorised Signatory of the Existing Guarantor) of the Acknowledgement of Registration of the Existing Guarantor under the Co-operative and Community Benefit Societies Act 2014.
3. Evidence of registration of the Existing Guarantor as a Registered Provider of Social Housing in the register maintained by the Regulator of Social Housing pursuant to Section 111 of the Housing and Regeneration Act.
4. Evidence of the status of the Existing Guarantor as a charity or exempt charity.
5. A copy of a resolution of the board of management of the Existing Guarantor (or a duly authorised committee of the Existing Guarantor and, in the case of an authorised committee of the Existing Guarantor, together with a certified copy of resolution of the board of management of the Existing Guarantor conferring authority upon or establishing the committee):
 - (a) (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and any Security Documents to be entered into on or about the date of the Loan Facility Agreement to which it is a party and resolving that it executes such documents and (ii) if requested by a Dealer, approving the terms of, and the transactions contemplated by, any other Security Documents to which it is a party and resolving that it executes any other Security Documents to which it is a party;
 - (b) (i) authorising a specified person or persons to execute each Finance Document to which it is a party on its behalf and any Security Documents to be entered into on or about the date of the Loan Facility Agreement to which it is a party on its behalf and (ii) if requested by a Dealer, authorising a specified person or persons to execute any other Security Documents to which it is a party;
 - (c) (i) authorising its seal to be affixed to each Finance Document to be executed by it under seal and any Security Documents to be entered into on or about the date of the Loan Facility Agreement to be executed by it under seal and (ii) if requested by a Dealer, authorising its seal to be affixed to any other Security Documents to which it is a party executed by it under seal; and
 - (d) (i) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under, or in connection with, the Finance Documents to which it is a party and any Security Documents to be entered into on or about the date of the Loan Facility Agreement to which it is a party and (ii) if requested by a Dealer, authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under, or in connection with, any other Security Documents to which it is a party.

6. A certificate of a duly authorised officer of the Existing Guarantor confirming that each applicable resolution referred to in paragraph 5 above was passed at a duly convened board or committee meeting of the Existing Guarantor, and that each such board or committee resolution has not been amended, modified or revoked and is in full force and effect and setting out the names and signatures of the persons authorised to sign, on behalf of the Existing Guarantor, each applicable document referred to in paragraph 5 above and any other documents to be delivered by the Existing Guarantor pursuant thereto or hereto.
7. A certificate of a duly authorised officer of the Existing Guarantor certifying that each copy document specified in this Part 1 of Schedule 2 (other than the legal opinion referred to in paragraph 9 below) is correct, complete, up-to-date and in full force and effect as at a date no earlier than the date of the Loan Facility Agreement.
8. Each Security Document (other than those conditions precedent set out in Schedule 3 (*Legal Charges Conditions Precedent Documents*)) duly executed by all parties thereto.
9. A legal opinion from Allen & Overy LLP or another firm of solicitors acceptable to the Loan Facility Provider addressed to the Loan Facility Provider, the Note Trustee, the Security Trustee and, if requested, the Dealers regarding the power of the Existing Guarantor to enter into (a) any Security Documents to be entered into on or about the date of the Loan Facility Agreement to which it is a party and (b) if requested by the Loan Facility Provider, the Note Trustee, the Security Trustee or a Dealer, the Deed of Guarantee, the Deed of Covenant, the other Finance Documents and the other Security Documents to which it is a party and, in each case, confirming that the obligations of the Existing Guarantor thereunder are legal, valid and binding.

PART 2

CONDITIONS PRECEDENT DOCUMENTS RELATING TO AN ADDITIONAL GUARANTOR

1. A copy (certified to be true and up-to-date by an Authorised Signatory of each Additional Guarantor) of the constitutional documents of each Additional Guarantor.
2. In respect of each Additional Guarantor which is a company limited by guarantee, a copy (certified to be a true copy by an Authorised Signatory of such Additional Guarantor) of the Certificate of Incorporation of such Additional Guarantor as a company limited by guarantee under the Companies Act from the Registrar of Companies at Companies House.
3. In respect of each Additional Guarantor which is a registered society, a copy (certified to be a true copy by an Authorised Signatory of such Additional Guarantor) of the Acknowledgement of Registration of such Additional Guarantor under the Co-operative and Community Benefit Societies Act 2014 or the Industrial and Provident Societies Act 1965, as the case may be.
4. Evidence of registration of each Additional Guarantor as a Registered Provider of Social Housing in the register maintained by the Regulator of Social Housing pursuant to Section 111 of the Housing and Regeneration Act.
5. Evidence of the status of each Additional Guarantor as a charity or an exempt charity.
6. A copy of a resolution of the board of management of each Additional Guarantor (or a duly authorised committee of such Additional Guarantor and, in the case of an authorised committee of such Additional Guarantor, together with a certified copy of a resolution of the board of management of such Additional Borrower conferring authority upon or establishing the committee):
 - (a) (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and any Security Documents to be entered into on or about the date of the Loan Facility Agreement to which it is a party and resolving that it executes such documents (ii) if requested by a Dealer, approving the terms of, and the transactions contemplated by, any other Security Documents to which it is a party and resolving that it executes any other Security Documents to which it is a party;
 - (b) (i) authorising a specified person or persons to execute each Finance Document to which it is a party on its behalf and any Security Documents to be entered into on or about the date of the Loan Facility Agreement to which it is a party on its behalf and (ii) if requested by a Dealer, authorising a specified person or persons to execute any other Security Documents to which it is a party;
 - (c) (i) authorising its seal to be affixed to each Finance Document to which it is a party to be executed by it under seal and any Security Documents to be entered into on or about the date of the Loan Facility Agreement to which it is a party to be executed by it under seal and (ii) if requested by a Dealer, authorising its seal to be affixed to any other Security Documents to which it is a party executed by it under seal; and
 - (d) (i) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under, or in connection with, the Finance Documents to which it is a party and any Security Documents to be entered into on or about the date of the Loan Facility Agreement to which it is a party and (ii) if requested by a Dealer, authorising a specified person or persons, on its behalf, to sign and/or despatch

all documents and notices to be signed and/or despatched by it under, or in connection with, any other Security Documents entered to which it is a party.

7. A certificate of a duly authorised officer of each Additional Guarantor confirming that each applicable resolution referred to in paragraph 5 above was passed at a duly convened board or committee meeting of such Additional Guarantor, and that each such board or committee resolution has not been amended, modified or revoked and is in full force and effect and setting out the names and signatures of the persons authorised to sign, on behalf of such Additional Guarantor, each applicable document referred to in paragraph 6 above and any other documents to be delivered by such Additional Guarantor pursuant thereto or hereto.
8. A certificate of a duly authorised officer of each Additional Guarantor certifying that each copy document specified in this Part 2 of Schedule 2 (other than the legal opinion referred to in paragraph 13 below) is correct, complete, up-to-date and in full force and effect as at a date no earlier than the date of the accession of such Additional Guarantor to the Finance Documents and the Security Documents.
9. A copy of the Accession Memorandum to the Security Trust Deed duly executed by each Additional Guarantor.
10. A copy of the Accession Deed to the Deed of Guarantee duly executed by each Additional Guarantor.
11. A copy of the Accession Deed to the Deed of Covenant duly executed by each Additional Guarantor.
12. In respect of an Additional Guarantor which is a company, a qualifying floating charge over all of its assets granted in favour of the Security Trustee.
13. A legal opinion from Allen & Overy LLP or another firm of solicitors acceptable to the Loan Facility Provider addressed to the Loan Facility Provider, the Note Trustee, the Security Trustee and, if requested, the Dealers, regarding the power of each Additional Guarantor to enter into (a) the Deed of Guarantee, the Deed of Covenant, the other Finance Documents to which it is a party and any Security Documents to be entered into on or about the date of the Loan Facility Agreement to which it is a party and (b) if requested by a Dealer, the Security Documents to which each Additional Guarantor is a party and confirming that the obligations of all the Additional Guarantors or, if requested by a Dealer, all Guarantors thereunder following such accession are legal valid and binding.

SCHEDULE 3

LEGAL CHARGES CONDITIONS PRECEDENT DOCUMENTS

In relation to each Charged Property apportioned to the Loan Facility Provider as security for the Loan:

- (a) a duly completed Security Certificate;
- (b) evidence satisfactory to the Security Trustee and each Dealer that the Charged Property has been apportioned in accordance with the Security Trust Deed;
- (c) a certificate of title in or substantially in the form set out in schedule 6 (*Form of Certificate of Title*) to the Security Trust Deed prepared by Devonshires Solicitors LLP, DMH Stallard LLP, Trowers & Hamlins LLP, Winckworth Sherwood LLP or another firm of solicitors acceptable to the Loan Facility Provider and addressed to the Loan Facility Provider, the Security Trustee, the Note Trustee, the Series Secured Parties, such other entities as the Security Trustee may specify for the purposes of the Security Trust Deed and/or the Programme and each Dealer providing such certificate of title **provided that** local searches may be obtained up to but not more than six months prior to the date of the certificate and **provided further that** (a) a top up certificate will be required in respect of Charged Properties which have the benefit of a collateral warranty to be subject to a Valuation on EUV-SH and (b) in respect of a Charged Property for which there is an existing certificate of title, only such original certificate of title (updated by reference to official copies of the relevant Land Registry entries obtained not less than three months prior to the date of the relevant duty of care letter) and duty of care letter (in each case, in a form acceptable to the relevant Security Beneficiaries) will be required;
- (d) a Fixed Charge duly executed in or substantially in the form set out in schedule 7 (*Form of Fixed Charge*) to the Security Trust Deed executed by the relevant Guarantor;
- (e) a Full Valuation of the Charged Property prepared by the Valuer addressed to the Loan Facility Provider, the Security Trustee, the Note Trustee, the Series Secured Parties, such other entities as the Security Trustee may specify for the purposes of the Security Trust Deed and/or the Programme and each Dealer dated no earlier than three months prior to the date on which the relevant Properties are to be charged, confirming the Value of the Charged Property and the Apportioned Part, unless the Charged Property forms part of the Unallocated Charged Properties, is being reallocated to the Loan Facility Provider as Beneficiary under a Loan Facility Agreement and is already the subject of a Full Valuation;
- (f) confirmation that the Value of the Charged Property comprising the Apportioned Part in respect of the relevant Loan Facility Agreement will be sufficient to ensure that the Asset Cover Test will be satisfied in respect of the relevant Advance;
- (g) a letter of undertaking from the solicitors acting for each Guarantor confirming inter alia (i) that the solicitors will register the Fixed Charge, where appropriate, at the Financial Conduct Authority, the Companies Registry and the Land Registry within the relevant priority period; (ii) that the solicitors will hold the title deeds to each Charged Property to the order of the Security Trustee in a form acceptable to the Security Trustee (acting reasonably);
- (h) where applicable, if the Charged Property is registered land or an application for first registration has been lodged at the Land Registry in relation thereto, the Land Registry searches affording priority to the Security Trustee for a period of not less than 10 Business Days following the date of the relevant Fixed Charge relating thereto and revealing no entries adverse to the interests of the Security Trustee and/or to the extent that the Charged Property involves unregistered land, official priority searches of

each of the land charges registers against all relevant estate owners which confers a period of priority expiring after the date of the Fixed Charge relating thereto and reveals no entries adverse to the interests of the Security Trustee;

- (i) (to the extent not already supplied) copies of policies, certificates or cover notes relating to each contract or policy of insurance taken out by or on behalf of each Guarantor, or in which each Guarantor has an interest, and which relates to the Charged Property, and evidence satisfactory to the Security Trustee and each Dealer that a note of the Security Trustee's interest has been endorsed upon each such contract or policy of insurance, unless the policy contains an automatic noting of interests provision;
- (j) certified copies, if any, of such consents as the Security Trustee reasonably considers to be necessary;
- (k) a copy of every standard form of tenancy agreement used by each Guarantor in respect of the Charged Properties;
- (l) a copy of each landlord consent to charge for any of the Charged Properties which are leasehold properties (if required by the lease);
- (m) evidence of an effective discharge of all mortgages, charges and liens (other than pursuant to a Security Document) affecting each Guarantor's interest in the Charged Properties, or in connection with any existing floating charge, deliver a certificate of non-crystallisation from, and where appropriate, the necessary consent of the relevant chargee in respect thereof;
- (n) if the certificate of title referred to in paragraph (c) of this schedule is not issued in respect of 100 per cent. of the Charged Property:
 - (i) a sampling methodology note addressed to the same addressees as the certificate of title detailing the methodology used to select the sample of Charged Properties in respect of which the certificate of title is issued (in the form previously agreed by the Parties); and
 - (ii) a letter prepared by a firm of solicitors acceptable to the Loan Facility Provider addressed to the same addressees as the certificate of title confirming that each registered title comprised in the Charged Property is charged to the Security Trustee pursuant to the Security Trust Deed and that the relevant Fixed Charge has been registered at the Land Registry against each title comprised in the Charged Property together with an associated restriction and notice of any obligation to make further advances; and
- (o) any other document, opinion, certificate, consent or assurance (including, without limitation, structural surveys and environmental reports) as reasonably requested or required by the Security Trustee or any Dealer,

PROVIDED THAT if the relevant Charged Properties are charged to the Security Trustee pursuant to the Security Trust Deed prior to any Advance, the documents listed in paragraphs (d), (g) and (h) above shall not be required where a letter prepared by a firm of solicitors acceptable to the Loan Facility Provider (and addressed to the same addressees as the certificate of title referred to in paragraph (c)) is provided which confirms that the Charged Property is so charged and that the relevant Fixed Charge has been registered, where appropriate, at the Financial Conduct Authority, the Companies Registry and the Land Registry.

SCHEDULE 4

FORM OF COMPLIANCE CERTIFICATE

To: **CLARION FUNDING PLC**

and: **PRUDENTIAL TRUSTEE COMPANY LIMITED** as Security Trustee

Date:

Dear Sirs,

CLARION TREASURY LIMITED

£[●] Loan Facility Agreement dated [●] (the Loan Facility Agreement)

1. We refer to an agreement (the **Loan Facility Agreement**) dated [●] and made between Clarion Treasury Limited as Group Borrower and Clarion Funding plc as the Loan Facility Provider. This is a Compliance Certificate.
2. We confirm that as at [*relevant testing date*] the Minimum Value of the [SAB]/[NAB] Charged Properties [was/is] [] and the amount of Charged Cash [was/is] £[]; and the aggregate principal amount of the outstanding Loan Facility was []; therefore, the ratio of the sum of (a) the Minimum Value of the [SAB]/[NAB] Charged Properties and (b) the Charged Cash to the aggregate principal amount of the outstanding Loan Facility [was/is] []. Accordingly the Group Borrower [is / is not] in compliance with the [SAB]/[NAB] Asset Cover Test.
3. We set out below calculations establishing the figures in paragraph 2 above:

[].

Terms used in this statement should have the same meanings as in the Loan Facility Agreement, unless the context otherwise requires.

.....
for and on behalf of
Clarion Treasury Limited
Authorised Signatory

SCHEDULE 5

FORM OF SUBSTITUTE PROPERTY CERTIFICATE

To: **CLARION FUNDING PLC** as Loan Facility Provider
and
PRUDENTIAL TRUSTEE COMPANY LIMITED as Security Trustee

From: **CLARION TREASURY LIMITED** as Group Borrower

Date: [●]

CLARION TREASURY LIMITED
£[●] Loan Facility Agreement dated [●] (the Loan Facility Agreement)

1. We refer to the Loan Facility Agreement. This is a Substitute Property Certificate.
2. We refer to the Charged Properties in Annex 1 hereof (being the **Released Properties**).
3. We refer to the Properties in Annex 2 hereof (being the **Substitute Properties**).
4. We refer to the Full Valuation in respect of the Substitute Properties dated [●] and we further confirm that, immediately following the release of the Released Properties from the relevant Security Documents and the substitution of the Substitute Properties as Charged Properties, the [NAB][SAB] Asset Cover Test will not be breached and no Loan Event of Default or Potential Loan Event of Default has occurred and is continuing.

[Calculations to be set out showing compliance with the relevant Asset Cover Test]

5. We confirm that:
 - (a) the Substitute Properties are Residential Properties of a type and nature that are usually owned by a Registered Providers of Social Housing;
 - (b) we have provided a Full Valuation to the Security Trustee under the Security Trust Deed in relation to such Substitute Properties; and
 - (c) we have provided the Security Trustee under the Security Trust Deed with the Fixed Charge in respect of such Substitute Properties together with such other documents as are required under clause 3.2 (*Additional Security*) of the Security Trust Deed.

Terms used in this statement have the same meanings as in the Loan Facility Agreement, unless the context otherwise requires.

CLARION TREASURY LIMITED

By:

Annex 1

Description of Released Properties

[●]

Annex 2

Description of Substitute Properties

[●]

SCHEDULE 6

FORM OF PROPERTY RELEASE CERTIFICATE

To: **CLARION FUNDING PLC** as Loan Facility Provider

and

PRUDENTIAL TRUSTEE COMPANY LIMITED as Security Trustee

From: **CLARION TREASURY LIMITED**

Date: [●]

CLARION TREASURY LIMITED

£[●] Loan Facility Agreement dated [●] (the Loan Facility Agreement)

1. We refer to the Loan Facility Agreement. This is a Property Release Certificate.
2. We refer to the Charged Properties in Annex 1 hereof (being the **Released Properties**).
3. We confirm that, immediately following the release of the Released Properties from the relevant Security Documents, the [NAB][SAB] Asset Cover Test will not be breached and no Loan Event of Default or Potential Loan Event of Default has occurred and is continuing.

[Calculations to be set out showing compliance with the relevant Asset Cover Test]

Terms used in this statement have the same meanings as in the Loan Facility Agreement, unless the context otherwise requires.

CLARION TREASURY LIMITED

By:

Annex 1

Description of Released Properties

[●]

SCHEDULE 7

FORM OF STATUTORY DISPOSAL CERTIFICATE

To: **CLARION FUNDING PLC** as Loan Facility Provider

and

PRUDENTIAL TRUSTEE COMPANY LIMITED as Security Trustee

From: **CLARION TREASURY LIMITED**

Date: [●]

CLARION TREASURY LIMITED

£[●] Loan Facility Agreement dated [●] (the Loan Facility Agreement)

1. We refer to the Loan Facility Agreement. This is a Statutory Disposal Certificate.
2. We refer to the Charged Properties in Annex 1 hereof (being the **Relevant Properties**).
3. We confirm that the Relevant Properties are to be disposed of pursuant to a Statutory Disposal and that, immediately following such disposal, the [NAB][SAB]Asset Cover Test will not be breached.

[Calculations to be set out showing compliance with the relevant Asset Cover Test]

Terms used in this statement have the same meanings as in the Loan Facility Agreement, unless the context otherwise requires.

CLARION TREASURY LIMITED

By:

Annex 1

Description of Relevant Properties

[●]

SCHEDULE 8

FORM OF NEW PROPERTY APPROVAL CERTIFICATE

To: **CLARION FUNDING PLC** as Loan Facility Provider

and

PRUDENTIAL TRUSTEE COMPANY LIMITED as Security Trustee

From: **CLARION TREASURY LIMITED**

Date: [●]

CLARION TREASURY LIMITED

£[●] Loan Facility Agreement dated [●] (the Loan Facility Agreement)

1. We refer to the Loan Facility Agreement. This is a New Property Approval Certificate.
2. We refer to the Properties in Annex 1 hereof (being the **New Properties**).
3. We confirm that:
 - (a) the New Properties are Residential Properties of a type and nature that are usually owned by a Registered Provider of Social Housing;
 - (b) we have provided a Full Valuation to the Security Trustee under the Security Trust Deed in relation to such New Properties; and
 - (c) we have provided the Security Trustee under the Security Trust Deed with the Fixed Charge in respect of such New Properties together with such other documents as are required under clause 3.2 (*Additional Security*) of the Security Trust Deed.

Terms used in this statement have the same meanings as in the Loan Facility Agreement, unless the context otherwise requires.

CLARION TREASURY LIMITED

By:

Annex 1

Description of New Properties

[●]

SCHEDULE 9

FORM OF GUARANTOR ACCESSION LETTER

To: **CLARION FUNDING PLC** as Loan Facility Provider
and
PRUDENTIAL TRUSTEE COMPANY LIMITED as Security Trustee

From: **CLARION TREASURY LIMITED**

Date: [●]

CLARION TREASURY LIMITED
£[●] Loan Facility Agreement dated [●] (the Loan Facility Agreement)

1. We refer to Loan Facility Agreement. This is a Guarantor Accession Notice.
2. [*name of member of the Clarion Housing Group*] agrees to become an Additional Guarantor pursuant to Clause 23.1 (*Addition of New Guarantors*) of the Loan Facility Agreement.
3. We confirm that [*name of Group member*]:
 - (a) is a [charity][exempt charity]; and
 - (b) is a Registered Provider of Social Housing.
4. We enclose a copy of each Guarantor Conditions Precedent Document required to be delivered by [*name of Group member*] pursuant to Clause 23.1 of the Loan Facility Agreement Standard Terms.
5. [*name of member of the Clarion Housing Group*]'s administrative details are as follows:

Address: [●]

Fax No: [●]

Attention: [●]

Terms used in this statement have the same meanings as in the Loan Facility Agreement, unless the context otherwise requires.

CLARION TREASURY LIMITED

By:

We hereby confirm our satisfaction with each Guarantor Conditions Precedent Document required to be delivered pursuant to Clause 23.1 of the Loan Facility Agreement Standard Terms.

CLARION FUNDING PLC

By:

SCHEDULE 10

FORM OF GUARANTOR RESIGNATION NOTICE

To: **CLARION FUNDING PLC** as Loan Facility Provider
and
PRUDENTIAL TRUSTEE COMPANY LIMITED as Security Trustee
From: **CLARION TREASURY LIMITED**
Date: [●]

CLARION TREASURY LIMITED
£[●] Loan Facility Agreement dated [●] (the Loan Facility Agreement)

1. We refer to the Loan Facility Agreement. This is a Guarantor Resignation Notice.
2. Pursuant to Clause 23.2 (*Resignation of a Guarantor*) of the Loan Facility Agreement, we request that [*resigning Guarantor*] be released as a Guarantor under the Loan Facility Agreement.
3. We confirm that, immediately following such resignation taking effect, the [NAB][SAB] Asset Cover Test will not be breached.

[Calculations to be set out showing compliance with the relevant Asset Cover Test]

Terms used in this statement have the same meanings as in the Loan Facility Agreement, unless the context otherwise requires.

CLARION TREASURY LIMITED

By:

SIGNATORIES

As Group Borrower

CLARION TREASURY LIMITED

By: RUTH COOKE

As Loan Facility Provider

CLARION FUNDING PLC

By: GARETH FRANCIS

As Security Trustee

PRUDENTIAL TRUSTEE COMPANY LIMITED

By: AA PETROU