

THIS CARD IS CIRCULATED TO GIVE DETAILS OF AN ISSUE BY THE HOUSING FINANCE CORPORATION LIMITED AND SHOULD BE RETAINED FOR REFERENCE PURPOSES.

This document includes particulars given in compliance with the regulations of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange") for the purpose of giving information with regard to the issue of £10,113,750 7% Debenture Stock 2009 (the "Stock") by The Housing Finance Corporation Limited ("THFC").

A copy of this document which comprises listing particulars relating to THFC in accordance with the Listing Rules made under Section 142 of the Financial Services Act 1986 has been delivered to the Registrar of Companies for registration in accordance with section 149 of that Act.

Application has been made to the Council of The Stock Exchange for admission of the Stock to the Official List.

# HON-HT 41      THE HOUSING FINANCE      HOU CORPORATION LIMITED

(Incorporated in England with limited liability under the Industrial and Provident Societies Act 1965)  
(Registered No. 25862R, having its registered office at 5 New Square, Lincoln's Inn, London WC2A 3RP)

PLACING ON A YIELD BASIS OF  
£10,113,750 7 PER CENT. DEBENTURE STOCK 2009  
at £66.642 per £100 nominal  
payable in full on acceptance

The directors of THFC (whose names appear in paragraph 1 of "General Information" below) accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

## Indebtedness

As at the close of business on 10th May, 1988, the loan capital of THFC was as follows:—

	<i>Nominal Amount Issued and Outstanding £</i>
<i>Loan Capital – secured</i>	
5% Debenture Stock 2027 (issued at £47.160 per cent.)	50,954,200
Zero Coupon Debenture Stock 2012 (issued at £7.187 per cent.)	93,502,160
	144,456,360

Save as set out above, as at the close of business on 10th May, 1988 THFC had no loan capital (including term loans) outstanding, or created but unissued, and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments, guarantees or other contingent liabilities.

## PURPOSE OF THE ISSUE AND INFORMATION REGARDING THE HOUSING FINANCE CORPORATION LIMITED

### Introduction

THFC was incorporated on 6th November, 1987 for the purpose of raising private sector funding for housing. It is a registered industrial and provident society whose affairs are governed by the provisions of the Industrial and Provident Societies Acts 1965 to 1978.

In December 1987 THFC raised £30,750,000 gross by the issue of £50,954,200 5% Debenture Stock 2027 at £47.160 per cent. and £93,502,160 Zero Coupon Debenture Stock 2012 at £7.187 per cent. and on-lent the proceeds to six housing associations.

The principal object of THFC as contained in its rules is the lending of money and the giving of advice to housing associations. It is intended that for the immediately foreseeable future all monies borrowed by THFC will be on-lent to individual registered housing associations on back to back arrangements.

The role of housing associations in the provision of housing in the United Kingdom dates back to the early part of the 19th Century. At that time housing associations were funded primarily by voluntary and charitable donations with more recently local authority and government funding being made available. As the availability of private rented accommodation has declined so the importance of housing associations in the provision of both newly built and renovated rented accommodation has grown.

Housing associations are now governed by the Housing Associations Act 1985. Under that Act the Housing Corporation operates as a central body with registration, monitoring and supervisory functions. The Housing Corporation also has responsibility for the allocation of government grants to individual housing associations according to detailed regulations. The Housing Corporation's control of housing associations is backed by its powers, *inter alia*, of removing of committee members or the appointing of additional committee members, the scrutiny of housing association accounts and the making of monitoring visits.

A registered housing association must either be a registered charity or be a body corporate with limited liability registered under the Industrial and Provident Societies Act 1965.

## Associations

The funds raised from the issue of the Stock will be on-lent to four registered housing associations to fund the acquisition/development of specific housing projects. A short description of each of the associations (the "Associations") and of the projects concerned is given below. For the purposes of these descriptions, the "net worth" of an Association means that Association's net assets valued on an historic cost basis but before the deduction of the relevant HAG (as defined below) since the right to repayment of HAG in any winding up of an Association ranks after the rights of THFC under its security.

1. East Midlands Housing Association Limited (registered number 13002R having its registered office at Memorial Square, Coalville, Leicestershire LE6 4EU). This Association owns more than 1,600 homes in the East Midlands and employs a staff of 75. Based on its audited accounts to 31st December, 1986 its net worth was £22.4m. With the money being borrowed it will purchase 394 occupied dwellings in Derbyshire and Nottinghamshire from British Coal Corporation.
2. Leicester Housing Association Limited (registered number 20933R having its registered office at Stonesby House, 44 Princess Road East, Leicester LE1 7DQ). This Association owns more than 2,400 homes principally in Leicestershire and Nottinghamshire and employs a staff of 91. Based on its audited accounts to 30th September, 1987 its net worth was £34.1m. With the money being borrowed it will purchase 551 occupied dwellings in Nottinghamshire from British Coal Corporation.
3. Metropolitan Housing Trust Limited (registered number 16337R having its registered office at Cambridge House, 109 Mayes Road, London N22 6UR). This Association owns more than 4,400 homes in London and the East Midlands and employs a staff of 185. Based on its audited accounts to 30th September, 1987 its net worth was £74.3m. With the money being borrowed it will continue the development of an existing housing environment and fund a future development.
4. Nottingham Community Housing Association Limited (registered number 20614R having its registered office at 12/14 Pelham Road, Sherwood Rise, Nottingham NG5 1AP). This Association owns more than 1,800 homes in and around Nottinghamshire and employs a staff of 55. Based on its audited accounts to 31st March, 1987 its net worth was £21.7m. With the money being borrowed it will purchase 739 occupied dwellings in Newark and Sherwood, Bassetlaw and Gedling District Council areas from British Coal Corporation.

Each of the Associations is a registered industrial and provident society, is registered with the Housing Corporation and is a member of The National Federation of Housing Associations.

The principal object of each of the Associations is the provision of housing.

The Housing Corporation has given its consent under Section 9 of the Housing Associations Act 1985 to the creation by each of the Associations of the floating charges in favour of THFC referred to below and has given its consent in principle to the taking on by any Association of a commitment to grant a fixed charge over property to be acquired in the future pursuant to the relevant loan agreement.

The floating charges and fixed charges over specific assets given by the Associations in favour of THFC will take priority over all the unsecured creditors of each of the Associations (excluding statutory preferred creditors) including in particular the right in certain circumstances of the Secretary of State for the Environment to be repaid any HAG by an Association.

The Registrar of Friendly Societies has registered the necessary amendment to the rules of each of the Associations to allow each Association to borrow from THFC upon the security of a floating charge. Each of the Associations already has rules which permit the grant of fixed charges.

Each of the Associations is prohibited by its rules from distributing any income or property whatsoever to its members. Surpluses may be applied in carrying out the principal objects of each Association.

## Security

As stated below in the section headed "Particulars of the Stock", the Stock is secured by a floating charge over the whole of the undertaking and all the property and assets both present and future wheresoever situate of THFC and will rank *pari passu* by way of security with the Original Stocks.

The only significant assets of THFC are the loans made or to be made by it to housing associations.

Loans to housing associations in turn are or will be secured either on a fixed charge or a floating charge (or in some cases both) and THFC is required to procure that the security available to THFC provides Asset Cover of at least 150% of the excess of the funds required to redeem a loan at its Nominal Redemption Value at any given time over the amount standing at that time in any Sinking Fund set up under the terms of that loan. It is intended that Sinking Funds will be established by each housing association who borrows from THFC, such funds to be held on trust towards the payment to THFC of the amount required to redeem the relevant loan.

## PARTICULARS OF THE STOCK

The Stock now being issued was created by a resolution of the board of directors of THFC passed on 16th May, 1988 and will be constituted and secured by a trust deed (the "Supplemental Trust Deed") between THFC and the Eagle Star Trust Company Limited (the "Trustee"), the Supplemental Trust Deed being supplemental to a Trust Deed dated 8th December, 1987 and made between THFC and the Trustee (the "Trust Deed" and together with the Supplemental Trust Deed the "Trust Deeds"). Together the Trust Deeds contain or will contain provisions, *inter alia*, to the following effect in relation to the Stock:—

### 1. Definitions

#### "Asset Cover"

in relation to the borrower in respect of an Authorised Loan (other than a Fixed Authorised Loan) the aggregate of the housing land and buildings at cost, other fixed assets and net current assets of the borrower as the same shall appear in the borrower's latest audited accounts (excluding any amount therein in respect of the amounts standing to the credit of any Sinking Fund) after deducting provision for future cyclical repairs and maintenance to housing accommodation and provision for grant redemption fund but adjusted at the relevant time for:—

- (i) at the option of either THFC or the relevant borrower any variation after the relevant balance sheet was made up in such housing land and buildings at cost, other fixed assets and net current assets;
- (ii) the deduction of one and a half times the aggregate amount secured by any fixed charge other than a fixed charge securing only any Authorised Loan (not being a Fixed Authorised Loan) but excluding from such deduction such amount as the auditors of the relevant borrower shall certify as being a fair assessment of the amount of Housing Association Grant that the relevant borrower will receive in respect of such amount;
- (iii) such other adjustments at the date of the last audited accounts of the relevant borrower as the auditors of that borrower shall consider appropriate, including without limitation all such adjustments as may from time to time be appropriate following any change in the form of accounts now required to be produced by registered housing associations pursuant to the Registered Housing Associations (Accounting Requirements) Order 1982.

For the purposes of computing the Asset Cover as defined above arrangements may be made for a valuation or a revaluation in a manner approved by THFC of all land and buildings of the borrower or (with the consent of THFC) of a part thereof. Any such valuation or revaluation shall be carried out by a person approved by THFC. Any such valuation or revaluation may be made at the instance of the borrower at intervals of not less than one year after the date of the last preceding valuation or revaluation. For the purpose of such valuation or revaluation properties shall be valued in accordance with any relevant Guidance Notes on the valuation of land and buildings for the time being of the Royal Institution of Chartered Surveyors or on such other basis as the borrower and THFC shall agree (or failing agreement as may be determined in its absolute discretion by a merchant bank or similar financial institution in London appointed by THFC for the purpose) to be fair and reasonable taking account *inter alia* of the market for such properties and (in the case of properties which are let) the expectation of their coming vacant over a period.

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	The borrower shall be entitled to value or revalue all its land and buildings (or the relevant part thereof) in line with a valuation or revaluation of not less than 10% of its individual properties approved by THFC as representing a reasonable cross selection of all (or the relevant part) of its land and buildings;
“Additional Stock”	any further debenture stock to be issued by THFC ranking <i>pari passu</i> in point of security with the Stock and the Original Stocks and which has been constituted and secured by a duly executed deed or deeds in favour of the Trustee in such form as the Trustee shall approve, such deed being expressed to be supplemental to the Trust Deed;
“Adjusted Issue Price”	that price expressed as an amount per £100 nominal of the Stock (rounded to three decimal places, 0.0005 being rounded upwards) at which the Gross Redemption Yield on the Stock, if it were to be purchased at such price on the date the Stock became due and payable or fell to be redeemed or on the date the Nominal Redemption Value fell to be calculated as the case may be, would be equal to the Gross Redemption Yield at which the Stock was issued;
“Adjusted Redemption Price”	that price expressed as an amount per £100 nominal of the Stock (rounded to three decimal places, 0.0005 being rounded upwards) at which the Gross Redemption Yield on the Stock, if it were to be purchased at such price on the fifth dealing day prior to the date the Stock became due and payable or fell to be redeemed, would be equal to the Gross Redemption Yield on 8% Treasury Stock 2009 on the basis of the market price of 8% Treasury Stock 2009 and so that, for the purposes of this definition, market price shall be that prevailing at 11.00 am on such fifth dealing day as determined by James Capel & Co. or, if James Capel & Co. is unable to make such determination, by such other broker as the Trustee may select;
“Authorised Loan”	a loan by THFC or a Charging Subsidiary to an Authorised Person using money which is or ought to be in a Capital Account as defined in Paragraph 7.2 below;
“Authorised Person”	a housing association registered under Section 5 of the Housing Associations Act 1985 or an unregistered self build society as defined in Sections 1(3) and 3(2) of the Housing Associations Act 1985 or a charity having a housing function;
“Charging Group”	THFC and all Charging Subsidiaries (if any);
“Charging Subsidiary”	any Subsidiary of THFC which hereafter charges its undertaking and all of its assets both present and future wheresoever situate (including any uncalled capital) by way of floating charge as collateral security for the Original Stocks, the Stock and any Additional Stock;
“Extraordinary Resolution”	has the meaning given to it in the Trust Deed;
“Fixed Asset Value”	the value of the specified Real Property included in a Fixed Charge as determined by a valuer approved by THFC as at a date not more than six weeks prior to the date of entering into such Fixed Charge or in the case of Substituted Fixed Assets the effective date of such substitution on the basis of open market value having regard to any relevant Guidance Notes on the valuation of land and buildings for the time being of the Royal Institution of Chartered Surveyors or on such other basis as the borrower and THFC and the Trustee shall agree (or failing agreement as may be determined in its absolute discretion by a merchant bank or similar institution in London appointed by the Trustee for the purpose) to be fair and reasonable taking account <i>inter alia</i> of the market for such properties or such other value as may from time to time and at any time be substituted therefor pursuant to the terms of the Fixed Authorised Loan by a subsequent valuation by a valuer appointed by THFC for that purpose such valuation to be carried out in accordance with the provisions set out above;
“Fixed Authorised Loan”	any Authorised Loan secured only on a Fixed Charge;
“Fixed Charge”	a charge entered into by a borrower as permitted under Paragraph 7.4 below;
“Gross Redemption Yield”	on the Stock and on 8% Treasury Stock 2009 will be expressed as a percentage and will be calculated in accordance with the principles indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries, Volume 105, Part 1, 1978, Page 18. Such calculation in respect of the Stock will be made as if the Stock were to remain outstanding until and be redeemed at its nominal amount on 30th September, 2009;

"Housing Association Grant" or "HAG"	a grant made or to be made by the Secretary of State for the Environment to a housing association under Part II of the Housing Associations Act 1985 which is or will be an unsecured capital grant ranking in the event of it becoming repayable after THFC's charge over assets of the relevant housing association and any other unsecured capital grant from a governmental authority which in THFC's auditor's opinion is equivalent thereto;
"Market Price"	the average of the middle market quotations for the Stock as derived from The Stock Exchange Daily Official List for the ten business days preceding the date of purchase;
"Mid Term Price"	the highest of the Adjusted Issue Price, the Adjusted Redemption Price and the average of the middle market quotations for the Stock as derived from The Stock Exchange Daily Official List for each business day in the three calendar months preceding the Relevant Date subject to an overall maximum price of £200 per £100 nominal of the Stock;
"Nominal Redemption Value"	of an Authorised Loan shall be:— <ul style="list-style-type: none"> <li>(a) if the Authorised Loan was advanced at a discount and/or a premium is payable on repayment on the due date therefor and the calculation of the amount repayable on the due date for repayment of such Authorised Loan is directly linked to the amount repayable on any borrowings of a member of the Charging Group borrowed at a discount and/or with repayment at a premium, the amount of the Authorised Loan advanced and not repaid as increased by the same proportion as any formula adopted in the terms of such borrowings of that member of the Charging Group to calculate the accrued amount of the discount and/or premium on such borrowings (being in the case of the Stock the Adjusted Issue Price);</li> <li>(b) if the Authorised Loan was advanced at a discount and/or a premium is payable on repayment on the due date therefor and the calculation of the amount repayable on the due date for repayment of such Authorised Loan is not directly linked to the amount repayable on any borrowings of a member of the Charging Group borrowed at a discount and/or with repayment at a premium, the amount of the Authorised Loan advanced and not repaid as increased by the accrued amount of the discount and/or premium on such Authorised Loan calculated in a manner determined by THFC and approved by the auditors of THFC;</li> <li>(c) in any other case the amount of the indebtedness under the Authorised Loan at the relevant time calculated in a manner approved by the auditors of THFC;</li> </ul>
"Non Charging Subsidiary"	any Subsidiary of THFC which is not a Charging Subsidiary;
"Original Stocks"	the £50,954,200 5% Debenture Stock 2027 and £93,502,160 Zero Coupon Debenture Stock 2012 each constituted by and secured under the Trust Deed;
"Pari Passu Borrowing"	the aggregate principal amount for the time being outstanding of all amounts owing on the security of any mortgage or charge given by THFC or any Charging Subsidiary and ranking in point of security <i>pari passu</i> with the floating charge securing the Original Stocks, the Stock and any Additional Stock except insofar as such amount shall be owing to and security shall be held by THFC or a Charging Subsidiary;
"Real Property"	a fee simple absolute in possession or a lease created by a deed for an unexpired term exceeding 30 years definite at any time at which its value is counted for the ascertainment of Fixed Asset Value provided always that if at any time during the life of a Fixed Authorised Loan such unexpired term is for less than 70 years such property may only be counted for the ascertainment of Fixed Asset Value if it is revalued at least every three years by a valuer approved by THFC on the basis of open market value having regard to any relevant Guidance Notes on the valuation of land and buildings for the time being of the Royal Institution of Chartered Surveyors or on such other basis as the borrower and THFC and the Trustee shall agree (or failing agreement as may be determined in its absolute discretion by a merchant bank or similar institution in London appointed by the Trustee for the purpose) to be fair and reasonable taking account <i>inter alia</i> of the market for such properties;
"Relevant Date"	in the case of an event of default falling within Paragraph 4.1 below the due date for the relevant principal monies or premium or interest, in the case of an event of default falling within Paragraph 4.6 below, the date of the relevant order or resolution, in the case of any other event of default the date of the Trustee's certificate that such an event is in its opinion materially prejudicial to the interests of the holders of the Stock or the Original Stocks or any of them and in the case of a redemption by THFC the date of THFC's notice to the Stockholder;
"Sinking Fund"	any amount for the time being held by a person other than the relevant borrower on a trust not revocable at the instance of such borrower to be applied in the repayment of an Authorised Loan or otherwise held in a manner which, in the opinion of the Trustee, is of an equivalent effect so far as the interests of the holders of any of the Stock, the Original Stocks or any Additional Stock are concerned;
"Stockholder(s)"	the holder(s) of the Stock or any of them;
"Subsidiary"	an industrial and provident society or company which is for the time being a subsidiary (within the meaning of Section 15 of the Friendly and Industrial and Provident Societies Act 1968) of THFC and the word "Subsidiaries" shall be construed accordingly;
"Substituted Fixed Assets"	means any specified Real Property of the borrower the subject of a Fixed Charge which THFC accepts as security for a Fixed Authorised Loan in substitution for the Real Property or any part thereof which is subject to an existing Fixed Charge at the date the borrower enters into that new Fixed Charge or in substitution for any other Substituted Fixed Assets or any part thereof as specified in Paragraph 7.4.6 below.

## **2. Security**

2.1 The Stock will be secured by a floating charge on the undertaking and all the assets for the time being both present and future wheresoever situate of THFC contained in the Trust Deeds but will not be otherwise guaranteed or secured.

2.2 Power will be reserved to THFC at any time and from time to time to procure a Non Charging Subsidiary to become a Charging Subsidiary by such Non Charging Subsidiary executing in favour of and in a form reasonably satisfactory to the Trustee a deed supplemental to the Trust Deed creating a guarantee supported by a floating charge on its undertaking and all its assets for the time being both present and future and wheresoever situate (including any uncalled capital) as collateral security for the Original Stocks, the Stock and any Additional Stock.

## **3. Interest**

3.1 The Stock will bear interest at the rate of 7% per annum.

3.2 Interest is payable half yearly on 31st March and 30th September.

3.3 The first payment will be made on 30th September, 1988 for interest accruing on the Stock from 20th May, 1988 and will amount to £2.5507 per £100 nominal of the Stock.

## **4. Events of Default**

The Stock shall become immediately due and payable if any of the events set out below shall occur (but only if the Trustee so determines or is requested in writing by the registered holders of at least one fifth of the nominal amount of the Stock or is requested by an Extraordinary Resolution of holders of the Stock to demand payment) that is to say:—

4.1 if THFC defaults in the payment when due of any principal monies or premium (if any) or for a period of fourteen days in the payment of any interest on the Stock or any other class of stock constituted by the Trust Deeds or by any deed supplemental to the Trust Deed;

4.2 if THFC or any Charging Subsidiary makes default in the performance or observance of any covenant, undertaking, condition or provision binding on it under or pursuant to the Trust Deeds or any deed supplemental to the Trust Deed (other than any default in the payment when due of any principal monies or premium (if any) or interest on any class of stock constituted by the Trust Deeds or by any deed supplemental to the Trust Deed) and (except where such default shall be incapable of remedy or the Trustee shall certify in writing that in its opinion any delay would be materially prejudicial to the interests of the Stockholders) the same is not remedied to the satisfaction of the Trustee within twenty one days after notice in writing of such default shall have been given to THFC by the Trustee;

4.3 if the security for any debenture, mortgage or charge of THFC or a Charging Subsidiary shall become enforceable and steps are taken to enforce the same or any unsecured loan stock, debenture or other indebtedness of THFC or of any Charging Subsidiary shall by reason of default become repayable prior to the due date for repayment or shall not be repaid when due and validly demanded and steps are taken to obtain repayment of the same;

4.4 if any guarantee of any loan or debt of any third party given by THFC or any Charging Subsidiary shall not be honoured when due and called upon and steps are taken to enforce the same;

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CONTINUED ON CARD 2

CARD 2 (CONTINUED FROM CARD 1)

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# HON-HT 41      THE HOUSING FINANCE      HOU CORPORATION LIMITED

*(Incorporated in England with limited liability under the Industrial and Provident Societies Act 1965)  
(Registered No. 25862R, having its registered office at 5 New Square, Lincoln's Inn, London WC2A 3RP)*

4.5 if an order is made or a petition is presented for the appointment of an administrator in relation to THFC or any Charging Subsidiary or an encumbrancer takes possession or a trustee, receiver, administrative receiver or similar officer is appointed of the whole or any material part of the assets or undertaking of THFC or of any Charging Subsidiary or if a distress or execution or other process is levied or enforced upon or sued out against any of the chattels or properties of THFC or of any Charging Subsidiary and is not discharged within fourteen days of being so levied or enforced upon or sued out;

4.6 if an order is made or effective resolution is passed for winding up THFC or any Charging Subsidiary (except in the case of any Charging Subsidiary for the purposes of a reconstruction or amalgamation the terms of which have previously been approved by the Trustee);

4.7 if any of certain other events specified in the Trust Deed relating to the insolvency or cessation of the business or a substantial part of the business of THFC or of any Charging Subsidiary occurs; or

4.8 if THFC or any Charging Subsidiary ceases without the consent of the Trustee either to be a registered industrial and provident society or to be incorporated in England;

AND except in the case of an event of default within Paragraph 4.1 or 4.6 above the Trustee shall have certified in writing that such an event is in its opinion materially prejudicial to the interests of the Stockholders.

If the Stock becomes due and payable as described above the amount payable in respect of the Stock will be the Mid-Term Price together with any accrued interest.

The computation of the amount so payable will be in a manner approved by the Trustee after consultation with THFC and a member of The Stock Exchange. Overdue amounts will bear interest at an annual rate equal to the aggregate of 1% and the base lending rate of Barclays Bank plc or if such rate cannot be ascertained such other rate as the Trustee may determine after consultation with THFC and a member of The Stock Exchange.

## Note

An event of default by a borrower under an Authorised Loan will not of itself constitute an event of default by THFC under the Trust Deed or the Supplemental Trust Deed.

## 5. Purchase and Redemption

5.1 THFC and any Subsidiary will be entitled to purchase the Stock:—

5.1.1 on a recognised stock exchange or by tender (available alike to all holders of the Stock) at a price (inclusive of accrued interest but exclusive of expenses of purchase) not exceeding the Market Price or in the case of a purchase on a recognised stock exchange at the actual market price provided that it is not more than 5% above the Market Price; or

5.1.2 by private treaty at any price (inclusive of accrued interest but exclusive of expenses of purchase) not exceeding by more than 10% the middle market quotation of the Stock as derived from The Stock Exchange Daily Official List on the last business day preceding the date of purchase;

but not otherwise.

5.2 Power will be reserved to THFC to redeem at the Mid-Term Price together with any accrued interest the whole or any part (to be selected by drawings if less than £1 million and *pro rata* to each Stockholder's holding of the Stock if in excess of that amount) of the Stock upon giving to the holders of the Stock not less than one month's notice of its intention so to do expiring on any date for the payment of interest. The computation of the price payable will be in a manner approved by the Trustee after consultation with THFC and a member of The Stock Exchange.

5.3 Any Stock purchased or redeemed by THFC shall be cancelled and shall not be available for reissue.

5.4 Except insofar as previously purchased or redeemed by THFC the Stock will be redeemed at par together with any accrued interest on 30th September, 2009.

5.5 THFC may redeem any Stock held by a Subsidiary on such terms as they may agree and subject thereto a Subsidiary which is a Stockholder may sell Stock on such terms as it may think fit but shall not vote at (but may be counted in the quorum of) any meeting of Stockholders in respect of the Stock of which it is the beneficial owner.

## 6. Additional Stock and Borrowing Powers

6.1 THFC will be entitled to create and issue for cash Additional Stock ranking in point of security *pari passu* with the Stock and the Original Stocks either forming a single series with the Stock or the Original Stocks or carrying such rights (including without limitation rights as to interest, premium or redemption) as THFC may think fit provided that no Additional Stock shall be issued by way of collateral security.

6.2 Power is reserved to THFC from time to time and at any time to borrow or secure or allow to subsist borrowings ranking *pari passu* with the Original Stocks, the Stock and any Additional Stock subject only to the restrictions referred to in Paragraph 7 below.

6.3 Subject to the restrictions referred to in Paragraph 7 below power will be reserved to THFC from time to time and at any time to borrow further monies and to grant security for such further monies subject to the limits specified in its rules from time to time registered under the Industrial and Provident Societies Act 1965.

## 7. Restrictions

7.1 Neither THFC nor any Charging Subsidiary will be entitled to create or leave outstanding any charge or mortgage on the whole or any part of its undertaking or assets present or future which will rank in priority to the floating charge created by it as security for the Original Stocks, the Stock and any Additional Stock or (as the case may be) for its guarantee thereof other than a fixed mortgage or charge securing indebtedness of THFC or any Charging Subsidiary incurred in the purchase or improvement of the property being charged and which is not given by way of collateral security.

7.2 THFC and each Charging Subsidiary will credit the net proceeds of the issue of the Original Stocks, the Stock and of all issues of Additional Stock and of all *Pari Passu* Borrowings into a separate bank account (or in THFC's discretion separate bank accounts) (each for the purposes of this paragraph a "Capital Account").

All capital receipts arising from or in respect of the investment or other use of the proceeds of the Original Stocks, the Stock, the Additional Stock and the *Pari Passu* Borrowings will be paid into a Capital Account along with such other monies as THFC or the relevant Charging Subsidiary may think fit.

The only payments which may be made from a Capital Account by THFC or the relevant Charging Subsidiary are as follows:—

7.2.1 the payments of principal on and all other costs of a capital nature in connection with the issue, maintenance, purchase, redemption or repayment of the Original Stocks, the Stock, the Additional Stock and any *Pari Passu* Borrowings; and

7.2.2 the making of investments in assets which for the time being come within Parts I or II of the First Schedule to the Trustee Investments Act 1961; and

7.2.3 the making of Authorised Loans; and

7.2.4 all other costs of a capital nature incurred by THFC or that Charging Subsidiary in connection with the investment of the relevant Capital Account in accordance with Paragraphs 7.2.2 and 7.2.3 and any other sums of a capital nature which in the opinion of THFC's auditors are referable to the borrowings represented by the Original Stocks, the Stock, the Additional Stock, the *Pari Passu* Borrowings and the use of the proceeds thereof.

7.3.1 The provisions of Paragraph 7.3.2 shall apply to each Authorised Loan which is not a Fixed Authorised Loan.

7.3.2 THFC and each Charging Subsidiary shall procure that each Authorised Loan is made and remains for so long as any part of it is outstanding subject to terms and conditions no less onerous to the borrower and no less beneficial to THFC or the Charging Subsidiary (as the case may be) than the following:—

7.3.2.1 that the borrower shall on or prior to the making of any Authorised Loan create a first floating charge over its undertaking and all its assets both present and future and wheresoever situate;

7.3.2.2 that the borrower shall not create or leave outstanding any mortgage or charge on the whole or any part of its undertaking or assets present or future ranking in priority to or *pari passu* with the floating charge referred to in Paragraph 7.3.2.1 above except within the following limits:—

7.3.2.2.1 any fixed mortgage or charge on specific property whether or not existing at the date of the making of the Authorised Loan which is not given by way of collateral security for the indebtedness or other liabilities of any other person;

7.3.2.2.2 the creation of charges (including charges to secure other advances from THFC or any Charging Subsidiary) ranking *pari passu* with the floating charge provided that minimum Asset Cover continues to be provided to THFC or as the case may be the Charging Subsidiary in accordance with Paragraph 7.3.2.3

7.3.2.3 that the borrower will covenant to procure that the Asset Cover shall be not less than 150% of the excess of the sum of the Nominal Redemption Value of the Authorised Loan and the amount secured by *pari passu* charges under Paragraph 7.3.2.2.2 from time to time over the amount standing at that time in any Sinking Fund set up under the terms of that borrower's Authorised Loan;

7.3.2.4 that where power is reserved on the part of the borrower to repay all or any part of the Authorised Loan prior to its stated repayment date the borrower shall give to THFC or as the case may be the Charging Subsidiary at least six weeks notice of any proposed repayment;

7.3.2.5 that any Authorised Loan will only be used by the borrower for the following purposes:—

7.3.2.5.1 in furtherance of the provision of housing by itself or by others and where freehold or leasehold property which is not housing is acquired with moneys borrowed under an Authorised Loan, the purpose for which that property is acquired must be ancillary to the provision of housing (including estate and other office premises) and THFC must be reasonably satisfied that the acquisition and development costs of such property will not amount to more than 5% of the total value of all freehold and leasehold property held by the relevant borrower immediately after the acquisition of the relevant property;

7.3.2.5.2 the making of investments in assets which for the time being come within Parts I or II of the First Schedule to the Trustee Investments Act 1961; and

7.3.2.5.3 the payment of any necessary ancillary costs in relation to Paragraphs 7.3.2.5.1 and 7.3.2.5.2 above and the costs of taking the Authorised Loan provided that these costs do not exceed 5% of the Authorised Loan.

THFC and each Charging Subsidiary has covenanted or will covenant with the Trustee that save with the prior written consent of the Trustee it will not assent to any modification, abrogation, waiver or release in respect of any of the obligations of any borrower under any Authorised Loan made by it prior to the repayment in full to THFC or as the case may be the Charging Subsidiary of all monies owing in respect of that Authorised Loan if such modification, abrogation, waiver or release would have the effect of making the terms and conditions on which the amount for the time being outstanding of the Authorised Loan is lent less onerous to the borrower or less beneficial to THFC or such Charging Subsidiary than the terms and conditions set out at Paragraph 7.3.2.1 to 7.3.2.5 above. THFC and each Charging Subsidiary has covenanted or will covenant with the Trustee that it will promptly and diligently enforce in all material respects the terms in such Authorised Loans equivalent to those listed in Paragraph 7.3.2.1 to 7.3.2.5 above together with the payment terms of the Authorised Loans unless the Trustee shall have consented to any waiver or release of any specific default in connection therewith in circumstances where in the opinion of the Trustee the interest of the Stockholders will not be materially prejudiced thereby.

7.4 THFC and each Charging Subsidiary shall procure that each Fixed Authorised Loan is made and remains for so long as any part of it is outstanding subject to terms and conditions no less onerous to the borrower and no less beneficial to THFC or the Charging Subsidiary as the case may be than the following:—

- 7.4.1 that the borrower shall on or prior to the making of any Fixed Authorised Loan create a first fixed charge in favour of THFC or the relevant Charging Subsidiary over specified Real Property of the borrower approved by THFC and shall maintain the same as a first fixed charge;
- 7.4.2 that the borrower will covenant to procure that the Real Property charged by the Fixed Charge is and will remain of a Fixed Asset Value of not less than 150% of the excess of the Nominal Redemption Value of that Fixed Authorised Loan over the amount standing at that time in any Sinking Fund set up under the terms of that Fixed Authorised Loan. Provided always that for this purpose sums and investments permitted under Part I or Paragraphs 1 or 2 of Part II of the First Schedule to the Trustee Investments Act 1961 representing monies advanced by THFC (and interest and capital accretions thereon) pursuant to the relevant Fixed Authorised Loan and subject to a first fixed charge in favour of THFC shall be deemed to be Real Property;

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- 7.4.3 that where power is reserved on the part of the borrower to repay all or any part of the Fixed Authorised Loan prior to its stated repayment date the borrower shall give to THFC or as the case may be the Charging Subsidiary at least six weeks notice of any proposed repayment;
- 7.4.4 that any Fixed Authorised Loan will only be used by the borrower for the following purposes:—
- 7.4.4.1 in furtherance of the provision of housing by itself or by others and where freehold or leasehold property which is not housing is acquired with moneys borrowed under a Fixed Authorised Loan, the purpose for which that property is acquired must be ancillary to the provision of housing (including estate and other office premises) and THFC must be reasonably satisfied that the acquisition and development costs of such property will not amount to more than 5% of the total value of all freehold and leasehold property held by the relevant borrower immediately after the acquisition of the relevant property; and
- 7.4.4.2 the making of investments in assets which for the time being come within Parts I and II of the First Schedule to the Trustee Investments Act 1961; and
- 7.4.4.3 the payment of any necessary ancillary costs in relation to paragraphs 7.4.4.1 and 7.4.4.2 above and the costs of taking the Fixed Authorised Loan provided that these costs do not exceed 5% of the Fixed Authorised Loan;
- 7.4.5 that THFC may at any time require the revaluation of the Real Property which on the date of such revaluation is charged by the Fixed Charge;
- 7.4.6 that where by the terms of the Fixed Authorised Loan power is reserved to the borrower to withdraw any specified Real Property from the Fixed Charge, such power may not be exercised unless and until the borrower shall have charged in favour of THFC or the relevant Charging Subsidiary and to its satisfaction by way of first fixed charge as security for the Fixed Authorised Loan specified Real Property approved as such security by THFC in substitution for the specified Real Property so withdrawn and unless THFC is satisfied that the Fixed Asset Value of the specified Real Property to be so substituted is not less than the Fixed Asset Value of the specified Real Property to be so withdrawn; and
- 7.4.7 that THFC shall be a party to the Fixed Authorised Loan for the purposes specified in paragraph 7.4.5 and for the purpose of giving any acceptances, agreements and approvals and making any appointments required to be given or made by THFC in connection with such Fixed Authorised Loan.

THFC and each Charging Subsidiary has covenanted or will covenant with the Trustee that save with the prior written consent of the Trustee it will not assent to any modification, abrogation, waiver or release in respect of any of the obligations of any borrower under a Fixed Authorised Loan made by it prior to the repayment in full to THFC or as the case may be the Charging Subsidiary of all monies owing in respect of that Fixed Authorised Loan if such modification, abrogation, waiver or release would have the effect of making the terms and conditions on which the amount for the time being outstanding of the Fixed Authorised Loan is lent less onerous to the borrower or less beneficial to THFC or such Charging Subsidiary than the terms and conditions set out at Paragraphs 7.4.1 to 7.4.7 above. THFC and each Charging Subsidiary has covenanted or will covenant with the Trustee that it will promptly and diligently enforce in all material respects the terms in such Fixed Authorised Loan equivalent to those listed in Paragraphs 7.4.1 to 7.4.7 above together with the payment terms of such Fixed Authorised Loan unless the Trustee shall have consented to any waiver or release of any specific default in connection therewith in circumstances where in the opinion of the Trustee the interests of the Stockholders would not be materially prejudiced thereby.

7.5 No *Pari Passu* Borrowings shall be made by THFC or any Charging Subsidiary unless the beneficiary of any charge ranking *pari passu* with the floating charge securing the Original Stocks, the Stock and the Additional Stocks (if any) shall have entered into a deed in such form as the Trustee shall properly require in order to protect the interests of the Stockholders governing the appointment of joint receivers and other matters incidental to the exercise by the Trustee and by such beneficiary of their rights under their respective charges.

7.6 THFC shall procure that in any period of three consecutive accounting reference periods of THFC and in the periods from incorporation of THFC to the first and to the second dates to which the audited accounts of THFC are drawn up (each a "Relevant Period") the income of THFC and all Charging Subsidiaries as shown in their audited accounts (i.e. before expenditure and taxation) in accordance with normal accounting principles is not less than the aggregate gross expenditure including interest payable on all borrowings of THFC and the Charging Subsidiaries as shown on the same basis during the Relevant Period.

7.7 THFC will procure that no Charging Subsidiary shall without the prior written consent of the Trustee cease to be a Subsidiary of THFC. Power is, however, reserved to THFC or any Charging Subsidiary to procure a members' voluntary winding up of a Charging Subsidiary and the distribution of its surplus assets freed from the floating charge thereon as collateral security for the Original Stocks, the Stock and any Additional Stock or its supporting guarantee thereof if such assets are distributed in the winding up to any one or more of THFC or any Charging Subsidiary or Charging Subsidiaries.

7.8 Save as mentioned in Paragraph 7.9 below neither THFC nor any Charging Subsidiary shall sell, transfer or otherwise dispose of (whether by a single transaction or a number of transactions, related or not) the whole or any part of its undertaking or assets being substantial in relation to the undertaking or assets of THFC and the Charging Subsidiaries taken as a whole.

7.9 In determining whether the provisions of Paragraph 7.8 above have been observed and performed the following transactions shall be disregarded:—

- 7.9.1 the making of Authorised Loans and the repayment by any borrower of any Authorised Loan and the making of further Authorised Loans;
- 7.9.2 the sale, transfer or disposal by THFC or any Charging Subsidiary of the whole or any part of its undertaking or assets to any one or more other members of the Charging Group;
- 7.9.3 the application of the proceeds of an issue of share or loan capital for the purposes for which such issue is intended as stated in the prospectus or other issue document;
- 7.9.4 the application by THFC or any Charging Subsidiary (in accordance with paragraph 7.2.2 where applicable) of any funds not immediately required for the purpose of its business or undertaking in the acquisition of investments and the subsequent sale of the same; and
- 7.9.5 any transaction to which the Trustee shall have previously given its consent.

7.10 THFC and each of the Charging Subsidiaries shall not carry on any undertaking or business except that of making loans and giving advice to Authorised Persons.

7.11 The Trustee may without the consent of the Stockholders (but only if and insofar as in its opinion the interests of the Stockholders will not be prejudiced thereby) release on such (if any) conditions as the Trustee thinks fit the guarantee of the Original Stocks, the Stock and any Additional Stock and the charge given in favour of the Trustee by a Charging Subsidiary with a view to facilitating a sale of any of the share capital of such Charging Subsidiary to which the Trustee shall have given its written consent.

## **8. Modification of Rights**

8.1 Holders of the Stock, the Original Stock and any Additional Stock have or will have power by Extraordinary Resolution *inter alia* to sanction any compromise or arrangement proposed to be made between THFC or any Charging Subsidiary and such Stockholders and to assent to the modification of any of the provisions contained in the Trust Deed or the Supplemental Trust Deed.

8.2 The Trustee may concur with THFC in making any modification of any of the provisions contained in the Trust Deed or the Supplemental Trust Deed required to obtain or maintain a listing for the Stock on The Stock Exchange or which in the opinion of the Trustee will not be materially prejudicial to the interests of the holders of the Stock or which is to correct a manifest error and may waive or authorise on such terms as may seem expedient any breach by THFC or any Charging Subsidiary of the terms of the Trust Deed or of the Supplemental Trust Deed but only insofar as in its opinion the interests of the Stockholders will not be materially prejudiced thereby.

## **9. Transfer**

The Stock will be registered and transferable in amounts and integral multiples of £1.

## **10. Listing**

THFC will promptly apply for and will use its best endeavours to obtain a listing for the Stock on The Stock Exchange and for so long as any of the Stock remains outstanding, to maintain such listing.

## **11. Indemnification and Replacement of the Trustee**

11.1 The Trust Deed contains provisions for indemnifying the Trustee and for relieving it from certain responsibilities including provisions absolving it from registering any notice or other entry under the Land Registration Acts 1925 to 1971 against any registered land for the time being subject to any floating charge securing the Original Stocks, the Stock or any Additional Stock or any guarantee thereof.

The Trustee is not required to approve specifically the terms of any Authorised Loan or to enquire as to compliance by borrowers with the terms of any Authorised Loan and may rely on certificates of THFC and/or THFC's auditors as to compliance of all Authorised Loans with the requirements set out above, and as to compliance by THFC and the Charging Subsidiaries with their obligations generally.

11.2 The statutory power to appoint new trustees will be vested in THFC but before being appointed a new trustee must be approved by an Extraordinary Resolution.

## **YIELD**

The gross redemption yield of the Stock at its issue price of £66.642 per £100 nominal of the Stock is £11.113 per cent.

The gross redemption yield is calculated in accordance with the principles indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries, Volume 105, Part I, 1978, Page 18.

## TAXATION

The statements below are based on current law and practice in the United Kingdom. They are general in nature, apply only to persons who are the beneficial owners of the Stock and may not apply to certain classes of taxpayer (such as dealers). **Persons who are subject to taxation in jurisdictions other than the United Kingdom or who are in any doubt as to their tax position should consult their professional advisers.**

### 1. Stamp Duty

No stamp duty, stamp duty reserve tax or similar tax or duty is imposed in the United Kingdom on the issue or redemption of the Stock.

Renunciation of the renounceable allotment letters in respect of the Stock will not attract stamp duty or stamp duty reserve tax. Stamp duty and stamp duty reserve tax will not be chargeable on an instrument which transfers registered Stock.

### 2. Income Tax

The Stock will be a "deep discount security" as defined in Paragraph 1 of Schedule 4 to the Income & Corporation Taxes Act 1988 and its tax treatment in general will be determined by that Schedule.

By virtue of these provisions the Stockholder will be treated as receiving an amount of taxable income for the year of assessment in which the Stock matures or, if earlier, the year in which the Stock is redeemed or a Stockholder disposes of the Stock. That taxable income will generally be calculated by treating the discount on issue of the Stock as accruing on a compound yield basis, with yearly rests, from issue to maturity and the amount of such Stockholder's taxable income will be a sum equal to the aggregate of interest paid (if any) and the amount so treated as accruing for the period of his ownership.

If the Stockholder is carrying on a financial trade he may be taxed on the discount as it accrues.

Under present revenue law, except as mentioned below, income tax will not be deductible at source in respect of interest paid (if any) or the proceeds on maturity or earlier redemption or disposal of any of the Stock.

THFC will not "gross up" any interest paid by it or the proceeds on maturity or earlier redemption or disposal of the Stock for any deduction for or withholding of any taxes, duties or governmental charges which it is or may be required to make.

In the case of a Stockholder who is regarded as being non-resident in the United Kingdom for taxation purposes for the whole of the year of assessment in which he disposes of any Stock or any Stock is redeemed or for any year in which interest on his Stock is paid the Inland Revenue will in general take no action to recover tax due either pursuant to the said Schedule 4 or in respect of such interest except where such person:—

- 2.1 is chargeable under Section 78 of the Taxes Management Act 1970 in the name of an agent or branch in the United Kingdom having the management or control of the interest; or
- 2.2 seeks to claim relief in respect of taxed income from United Kingdom sources; or
- 2.3 is chargeable to corporation tax on the interest as income of a United Kingdom branch or agency.

This practice is concessionary and may not apply if there are special circumstances or where the Inland Revenue considers that an attempt has been made to use the concession for tax avoidance.

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CONTINUED ON CARD 3

CARD 3 (CONTINUED FROM CARD 2)

THIS CARD IS CIRCULATED TO GIVE DETAILS OF AN ISSUE BY THE HOUSING FINANCE CORPORATION LIMITED AND SHOULD BE RETAINED FOR REFERENCE PURPOSES.

**HON-HT 41      THE HOUSING FINANCE      HOU**  
**CORPORATION LIMITED**

*(Incorporated in England with limited liability under the Industrial and Provident Societies Act 1965)  
(Registered No. 25862R, having its registered office at 5 New Square, Lincoln's Inn, London WC2A 3RP)*

Payment of interest on the Stock to persons who are resident in the United Kingdom for tax purposes will be made without deduction of income tax by THFC by virtue of Section 486 of the Income & Corporation Taxes Act 1988 which applies to registered industrial and provident societies.

Where interest is paid to persons whose usual place of abode is not within the United Kingdom then Section 349 of the Income & Corporation Taxes Act 1988 shall apply and income tax at the basic rate, presently 25%, shall be deducted accordingly. Such persons may be entitled to relief under the terms of a double taxation treaty with the United Kingdom. Such relief may be available in the form of a reduced or nil withholding of income tax at source. An application must be made to the Inland Revenue by the Stockholder before such relief can be granted.

On any transfer of the Stock or on the death of a Stockholder that part of the gain reflecting interest accrued on the Stock may be taxed as income pursuant to the provisions of Sections 713 to 715 of the Income & Corporation Taxes Act 1988.

**3. Capital Gains Tax**

THFC has been advised that the Stock will constitute a "qualifying corporate bond" within the terms of Section 64 of the Finance Act 1984. As such, no gain or loss will be realised for the purpose of United Kingdom taxation on capital gains on any disposal of any of the Stock.

**ACCOUNTANTS' REPORT**

The following is the text of a report received by the Directors of THFC from Deloitte Haskins & Sells, Chartered Accountants, the auditors of THFC:—

128 Queen Victoria Street,  
London EC4P 4JX.

17th May, 1988

The Directors,  
The Housing Finance Corporation Limited,  
5 New Square,  
Lincoln's Inn,  
London WC2A 3RP.

Gentlemen,

We report that The Housing Finance Corporation Limited ("THFC") was incorporated on 6th November, 1987. THFC commenced business on 3rd December, 1987, no accounts have been made up for the first six months nor have any dividends been declared or paid since the date of incorporation.

Yours faithfully

Deloitte Haskins & Sells  
Chartered Accountants

**ACCOUNTS**

The accounts of THFC will be made up to 31st March in each year, the first accounts will be for the period from incorporation to 31st March, 1989 and the first interim report will be for the period from incorporation to 30th September, 1988.

## GENERAL INFORMATION

1. The names of the directors of THFC are as follows:—

Norman Charles Ireland, Chairman, who is also the chairman of Bowater Industries plc and of London & Metropolitan PLC and is on the board of several other companies.

Richard Stuart Best who is Director of The National Federation of Housing Associations.

Ralph Simpson Connelly MBE who is honorary treasurer of The National Federation of Housing Associations, deputy chairman of Auriol Housing Foundation, chairman of finance of Metropolitan Housing Trust Limited, is a former chairman of The Pensions Trust for Charities and Voluntary Organisations and a committee member of numerous other housing associations and industrial and provident societies.

George John James Dennis is the managing director of TSB Investment Management Limited and is on the board of several other companies. He is investment adviser to Berkshire County Council Pension Fund.

David Albert Edmonds is chairman of New Society Limited and chief executive of the Housing Corporation.

Philip Edward Sellers is a board member with responsibility for corporate finance and planning, The Post Office, is chairman of the Nationalised Industries Finance Panel and is a director of several other companies.

Stephen Fitzmaurice Wood is chief investment manager of the Cooperative Insurance Society ("CIS") and investment adviser to the Greater Manchester County Superannuation Fund and is a director of several companies in connection with CIS and its investments.

All of 5 New Square, Lincoln's Inn, London WC2A 3RP.

2. The Housing Corporation, The National Federation of Housing Associations, Mr. David Hugh Laing Hopkinson CBE, former chairman of THFC, Mr. Connelly, Mr. Dennis, Mr. Sellers and Mr. Wood each hold one fully paid share of £1 in THFC. Those shares represent the entire issued share capital of THFC.

3. None of the directors has any existing or proposed service contract with THFC. The directors are responsible for the taking of decisions by THFC to borrow and to lend funds and the terms of those borrowings and lendings.

4. THFC currently operates from the offices of its Secretary, the Housing Association Consultancy & Advisory Service Limited ("HACAS"), at 2 Hertslet Road, London N7 6PL. HACAS at the present time performs all administration on behalf of THFC including the supervision of Authorised Loans. With effect from 1st June, 1988 THFC has appointed Mrs. Barbara Ainger as its full time General Manager. Mr. John Davies will be employed from that date as its part time Secretary. It is proposed that THFC will then operate from its registered office at 5 New Square, Lincoln's Inn, London WC2A 3RP.

5. The directors are not aware of any legal or arbitration proceedings pending or threatened against THFC which may have or have had during the last twelve months a significant effect on the financial position of THFC.

6. In the opinion of the directors the working capital available to THFC is sufficient for its present requirements.

7. THFC's auditors are Messrs. Deloitte Haskins & Sells, chartered accountants, of P.O. Box 207, 128 Queen Victoria Street, London EC4P 4JX.

8. The net proceeds of the issue are estimated to total £6,615,000 after deduction of the expenses of the issue (including commission payable to James Capel & Co. under Material Contract 2 described below) which are estimated to amount to approximately £125,000 (excluding Value Added Tax) and which will be paid by the borrowers under Authorised Loans made by THFC with the funds raised from the issue of the Stock.

9. Renounceable allotment letters in respect of the Stock will be sent to placees on 20th May, 1988 and will be renounceable until 24th June, 1988. Each renounceable allotment letter will represent the right of the person(s) named in it to become registered as a holder of the Stock comprised in that letter. A transfer of this right can be made by renunciation of the renounceable allotment letter, or in the case of a renuncnee, by delivery of it to the transferee, subject to the requirement to register renunciation. After 24th June, 1988 the Stock will be transferable only by an instrument of transfer. Certificates in respect of the Stock are expected to be dispatched by post on 22nd July, 1988, at the risk of the persons entitled thereto, after which the renounceable allotment letters will cease to be valid for any purpose. When issued, the Stock will be a registered security. Full details concerning renunciation, consolidation, splitting and registration will be contained in the renounceable allotment letter.

10. Barclays Bank Plc of P.O. Box 34, Octagon House, Gadbrook Park, Northwich, Cheshire CW7 7RA is the receiving bank and the registrar for the Stock.

11. The Trustee of the Stock is Eagle Star Trust Company Limited of 1 Threadneedle Street, London EC2R 8BE, a trust corporation.

12. The issue of the Stock has been underwritten by James Capel & Co. of James Capel House, 6 Bevis Marks, London EC3A 7JQ pursuant to Material Contract 2 referred to below.

13. The Trust Deeds do not provide for any prescription period after which rights to interest and principal in respect of the Stock will lapse.

14. The Trust Deeds shall be governed in accordance with English law and shall be subject to the jurisdiction of the English Courts.

15. Deloitte Haskins & Sells have given and have not withdrawn their written consent to the issue of this document with the inclusion of their name and report and references to themselves in the form and context in which they appear.

16. At the date of these listing particulars THFC has no subsidiaries.

**Note**

The Trustee has registered particulars of the floating charge created pursuant to the Trust Deed and will register particulars of the floating charge created pursuant to the Supplemental Trust Deed with the Registrar of Friendly Societies. Such registration may not constitute notice of such charge to any subsequent chargee.

**Material Contracts**

The only contracts (apart from contracts entered into in the ordinary course of business) which have been entered into by THFC within the two years immediately preceding the date of this document and which are or may be material are as follows:—

1. A Placing Agreement dated 3rd December, 1987 between (1) THFC and (2) James Capel & Co. under which James Capel & Co. agreed (subject *inter alia* to the Original Stocks being admitted to the Official List by the Council of The Stock Exchange on or before 9th December, 1987) to subscribe or procure subscribers for the whole of the Original Stocks at the relevant issue price and under which THFC paid a commission to James Capel & Co. of ½% on the proceeds of the Original Stocks and a fee (plus any Value Added Tax thereon).
2. A Placing Agreement dated 17th May, 1988 between (1) THFC and (2) James Capel & Co. under which James Capel & Co. have agreed (subject *inter alia* to the Stock being admitted to the Official List by the Council of The Stock Exchange on or before 18th May, 1988) to subscribe or procure subscribers for the whole of the Stock at its issue price and under which THFC is to pay a commission to James Capel & Co. of ½% on the proceeds of the Stock and a fee (plus any Value Added Tax thereon).

**Documents Available for Inspection**

Copies of the following documents may be inspected at the registered office of THFC, 5 New Square, Lincoln's Inn, London WC2A 3RP during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 31st May, 1988:

- (a) The Rules of THFC;
- (b) The Trust Deed;
- (c) Final draft of the Supplemental Trust Deed;
- (d) The Material Contracts referred to above;
- (e) The report and written consent of Deloitte Haskins & Sells referred to above; and
- (f) The Listing Particulars of THFC dated 3rd December, 1987 relating to the issue of the Original Stocks.

17th May, 1988

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