

## IMPORTANT NOTICE

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The programme memorandum has been delivered to you on the basis that you are a person into whose possession the programme memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. By accessing the programme memorandum, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the programme memorandum by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia and (d) if you are a person in the United Kingdom, then you are a person who (i) has professional experience in matters relating to investments or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the Financial Services and Markets Act (Financial Promotion) Order 2005.

**MIFID II PRODUCT GOVERNANCE / TARGET MARKET** –The Pricing Supplement in respect of any notes issued pursuant to the programme memorandum (the **Notes**) will include a legend entitled "*MIFID II product governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended or superseded, **MiFID II**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (as amended or superseded, the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers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

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

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

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

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – If the Pricing Supplement in respect of any Notes includes a legend entitled "*Prohibition of Sales to UK Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made

available to any retail investor in the UK. For these purposes, a **retail investor** means a person who is one (or both) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the **EUWA**); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA (**UK MiFIR**). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been or will be prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The programme memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of THFC Sustainable Finance Plc, THFC Sustainable Finance (No 2) Plc, HSBC Bank plc, RBC Europe Limited, Lloyds Bank Corporate Markets plc or NatWest Markets Plc, any person who controls any of them or any director, officer, employee or agent of any of them or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the programme memorandum distributed to you in electronic format and the hard copy version available to you on request from HSBC Bank plc, RBC Europe Limited, Lloyds Bank Corporate Markets plc and NatWest Markets Plc.

## PROGRAMME MEMORANDUM



### THFC SUSTAINABLE FINANCE PLC

(incorporated in England with limited liability under the Companies Act 2006 with registration number 13650359)

### T.H.F.C. SUSTAINABLE FINANCE (NO.2) PLC

(incorporated in England with limited liability under the Companies Act 2006 with registration number 15899886)

**£2,000,000,000**

### Secured Euro Medium Term Note Programme

Under this £2,000,000,000 Secured Euro Medium Term Note Programme (the **Programme**), THFC Sustainable Finance Plc (**TSF1**) and T.H.F.C. Sustainable Finance (No.2) Plc (**TSF2**) and, together with TSF1, the **Issuers** and each an **Issuer**) may from time to time issue notes (the **Notes**) denominated in Sterling. References in this Programme Memorandum to the **relevant Issuer** shall be to the Issuer of the relevant Notes.

The payment of scheduled principal and interest in respect of Notes issued by TSF1 (such Notes being, **Guaranteed Notes**) will be guaranteed by National Wealth Fund Limited (the **Guarantor**) pursuant to a Note Guarantee dated 25 February 2025 (the **Note Guarantee**) between the Guarantor, TSF1 and the Note Trustee (as defined below).

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

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

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

Subject as set out below, the net proceeds from each issue of Notes (and the net proceeds of each sale of Retained Notes) will be advanced by the relevant Issuer to one or more registered providers of social housing, registered social landlords or registered housing associations, as applicable, whose activities are regulated by the Regulator of Social Housing (in England), the Welsh Assembly Government (in Wales), the Scottish Housing Regulator (in Scotland) or the Department for Communities (in Northern Ireland) or, in each case, any replacement or successor regulator thereto (each, a **Relevant Borrower**) pursuant to one or more loan agreements (each, a **Note Funded Loan Agreement**). The payment of scheduled principal and interest by Relevant Borrowers to TSF1 in respect of Loan Agreements entered into with TSF1 will be guaranteed by the Guarantor pursuant to a Loan Guarantee dated 25 February 2025 (the **Loan Guarantee**) between the Guarantor, TSF1 and the Note Trustee.

All Series of Notes will have the benefit of a first floating charge, created by the relevant Issuer pursuant to its Security Trust Deed (as defined below), on the whole of the relevant Issuer's undertaking, property and assets in favour of the Security Trustee for the benefit of, *inter alios*, the holders of all Series of Notes issued by such Issuer and the other Secured Creditors (as defined in the Security Trust Deed).

Application has been made to the London Stock Exchange plc (the **London Stock Exchange**) for Notes issued by each Issuer under the Programme during the period of 12 months from the date of this Programme Memorandum to be admitted to the London Stock Exchange's International Securities Market (the **ISM**). The ISM is not a United Kingdom (**UK**) regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments, which forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended, (the **EUWA**) (**UK MiFIR**). In respect of any Series of Notes issued by TSF2 which are specified in the applicable Pricing Supplement as "Sustainability Notes", application may also (if so specified in the applicable Pricing

Supplement) be made for such Notes to be admitted to trading on the London Stock Exchange's Sustainable Bond Market (the **SBM**). All Guaranteed Notes will be issued as "Sustainability Notes" and an application will be made for the Guaranteed Notes to be admitted to trading on the SBM.

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

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

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

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

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

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

The Guarantor has been rated "AA" by S&P Global Ratings UK Limited (**S&P**). Each Issuer has been rated "A+" by S&P. The rating of each Tranche of Notes will be disclosed in the applicable Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Arrangers**

**HSBC**

**RBC Capital Markets**

**Dealers**

**HSBC**

**RBC Capital Markets**

**Lloyds Bank Corporate Markets**

**NatWest**

The date of this Programme Memorandum is 25 February 2025.

## IMPORTANT INFORMATION

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

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

The information contained in the section "*Description of the Guarantor*" has been obtained solely from publicly available information. The Guarantor has neither reviewed this Programme Memorandum nor verified the information contained in it, and the Guarantor makes no representation, warranty or undertaking, express or implied, with respect to, and does not accept any responsibility or liability for, the contents of this Programme Memorandum or any other statement made or purported to be made on its behalf in connection with either Issuer or the issue or offering of Notes or their distribution. The Guarantor accordingly disclaims any and all liability, whether arising in contract, tort or otherwise which it might otherwise have in respect of this Programme Memorandum or any such statement.

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

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

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

reference in, this Programme Memorandum or any other information provided by either Issuer in connection with the Programme.

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

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

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

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

Neither the delivery of this Programme Memorandum nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning either Issuer or the Guarantor is correct at any time subsequent to its date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arrangers, the Dealers, the Note Trustee and the Security Trustee expressly do not undertake to review the financial condition or affairs

of either Issuer or the Guarantor during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

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

In relation to any Sustainability Notes (as defined below) none of the Arrangers, the Dealers or any of their respective affiliates, the Note Trustee, the Guarantor and the Security Trustee makes any representation as to the suitability of the Notes to fulfil any "sustainable" criteria required by any prospective investors. None of the Arrangers, the Dealers or any of their respective affiliates, the Note Trustee, the Guarantor and the Security Trustee have undertaken, or are responsible for, any assessment of the projects related to Sustainability Notes (as defined in "*Use of Proceeds and Sustainable Bond Framework*"), any verification of whether the projects related to Sustainability Notes may meet any such eligibility criteria or the monitoring of the use of proceeds.

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

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

**MiFID II product governance / target market** – The Pricing Supplement or the Drawdown Memorandum, as the case may be, in respect of any Notes may include a legend entitled "*MiFID II product governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently

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

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

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

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

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



## PRESENTATION OF INFORMATION

### Certain Defined Terms and Conventions

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

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

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

### SUITABILITY OF INVESTMENT

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

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

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

regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

#### **STABILISATION**

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

## Contents

Clause	Page
Overview of the Programme.....	10
Risk Factors.....	19
Documents incorporated by Reference.....	37
Form of the Notes.....	38
Applicable Pricing Supplement.....	41
Terms and Conditions of the Notes.....	52
Use of Proceeds and Sustainable Bond Framework .....	79
Description of the Issuers.....	81
Description of the Guarantor .....	85
Description of the Borrowers .....	86
Description of the Guarantees.....	90
Description of the Loan Agreements and the Core Terms.....	100
Description of the Security Trust Deeds.....	107
Taxation.....	112
Subscription and Sale.....	114
General Information.....	118

## Overview of the Programme

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

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

<b>Issuers:</b>	THFC Sustainable Finance Plc ( <b>TSF1</b> ) Legal Entity Identifier (LEI) 213800DSHTLHP9R4M271  T.H.F.C. Sustainable Finance (No.2) Plc ( <b>TSF2</b> ) Legal Entity Identifier (LEI) 2138004IR3QRLV4GXF05
<b>Guarantor (in the case of Notes issued by TSF1):</b>	National Wealth Fund Limited
<b>Risk Factors:</b>	There are certain factors that may affect the relevant Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under " <i>Risk Factors</i> " below and include factors which may affect the relevant Issuer's and/or a Borrower's ability to fulfil their obligations under the Notes and the relevant Loan Agreement, respectively. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme.
<b>Description:</b>	Secured Euro Medium Term Note Programme
<b>Arrangers:</b>	HSBC Bank plc RBC Europe Limited
<b>Dealers:</b>	HSBC Bank plc RBC Europe Limited Lloyds Bank Corporate Markets plc NatWest Markets Plc  and any other Dealers appointed in accordance with the Programme Agreement.
<b>Certain Restrictions:</b>	Each issue of Notes will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale</i> ") including the restrictions applicable at the date of this Programme Memorandum.  <i>Notes having a maturity of less than one year</i>  Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits

contained in section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 (see "*Subscription and Sale*")

**Note Trustee and Security Trustee:**

The Law Debenture Trust Corporation p.l.c.

**Principal Paying Agent and Custodian:**

The Bank of New York Mellon, London Branch

**Programme Size:**

Up to £2,000,000,000 outstanding at any time. The Issuers may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

**Pricing Supplement or Drawdown Memorandum:**

Notes issued under the Programme may be issued either:

- (a) pursuant to this Programme Memorandum and the applicable Pricing Supplement; or
- (b) pursuant to a Drawdown Memorandum.

The terms and conditions applicable to a particular Tranche of Notes will be the Terms and Conditions of the Notes as supplemented by the applicable Pricing Supplement or, as the case may be, replaced or modified to the extent set out in the relevant Drawdown Memorandum.

**Use of proceeds:**

The net proceeds from each issue of Notes (excluding the Retained Notes (if any)) will be advanced by the relevant Issuer to one or more Relevant Borrowers for the purposes and on the terms set out under "*Description of the Borrowers*" and "*Description of the Loan Agreements and the Core Terms*" below, subject to there being no event under the relevant Note Funded Loan Agreement pursuant to which the advance would not be made.

In respect of Notes to be issued by TSF1 (being Guaranteed Notes) the net proceeds from each issue of Notes will be advanced by TSF1 pursuant to Guaranteed Loans to be applied by the Relevant Borrowers for "Eligible Costs" being development and construction costs associated with retrofit work.

In respect of Notes to be issued by TSF2 the net proceeds from each issue of Notes will be advanced by TSF2 pursuant to Unguaranteed Loans to be applied by the Relevant Borrowers for the purposes described in "*Description of the Loan Agreements and Core Terms*" below.

In the event that a Relevant Borrower's drawdown date under the relevant Note Funded Loan Agreement is later than the issue date of the relevant Tranche of Notes, the net proceeds will, until advanced, be:

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

The net proceeds of the sale of Retained Notes to a third party will be advanced by the relevant Issuer (with the exception of a sum equivalent to the relevant number of days' accrued interest, which will be retained by the relevant Issuer) to one or more Relevant Borrowers, for the purposes and on the terms set out under "*Description of the Borrowers*" and "*Description of the Loan Agreements and the Core Terms*" below, subject to there being no event under the relevant Note Funded Loan Agreement pursuant to which the advance would not be made. In the event that a Relevant Borrower's drawdown date under the relevant Note Funded Loan Agreement is later than the date of the sale of Retained Notes to a third party, the net proceeds will, until advanced, be:

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

The THFC Group (as defined below) has established its Sustainable Bond Framework (as defined under the section "*Use*

of Proceeds and Sustainable Bond Framework"). Under the Sustainable Bond Framework, each Issuer may issue Sustainability Notes to finance and/or refinance, in whole or in part, sustainable housing projects falling within the categories set out in the Sustainable Bond Framework or other activities carried out in support of those projects and the relevant Borrower's sustainable purpose. All Guaranteed Notes (as defined below) will be issued as "Sustainability Notes".

**Distribution:** Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

**Currencies:** Notes will be denominated in Sterling only.

**Maturities:** The Notes will have such maturities as may be agreed between the relevant Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or Sterling.

**Issue Price:** Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

**Form of Notes:** The Notes will be issued in bearer form as described in "*Form of the Notes*".

**Interest** A fixed interest will be payable on the principal amount of each Note on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer and on redemption and will be calculated on the basis of the Day Count Fraction.

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

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

**Early redemption at the option of the relevant Issuer:** The applicable Pricing Supplement will indicate whether the Notes will be redeemable prior to their Expected Maturity Date at the option of the relevant Issuer upon giving notice to the Noteholders in accordance with Condition 10.2 (*Redemption at the option of the Issuer (Issuer Call)*). In such circumstances, the

relevant Issuer may redeem all or some of the Notes then outstanding at the Optional Redemption Amount on the Optional Redemption Date each as specified in the applicable Pricing Supplement.

In the case of Guaranteed Notes, in the event that:

- (a) a non-payment has occurred and is continuing;
- (b) a notice of demand has been delivered by the Note Trustee to the Guarantor pursuant to the Note Guarantee; or
- (c) the Guarantor has made any payment pursuant to the Note Guarantee in relation to any Guaranteed Notes,

the Guarantor may (provided that, in each case, that amounts remain outstanding under the Guaranteed Notes) require TSF1 to elect to redeem all or any part of the Notes at their principal amount plus accrued interest.

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

**Denomination of Notes:**

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

**Taxation:**

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction unless such withholding or deduction is required by law as provided in Condition 11 (*Taxation*). In the event that any such deduction is made, the relevant Issuer will not be obliged to make any additional payments to Noteholders in respect of such withholding.

**Events of Default:**

Following an Event of Default in relation to a Series of Notes, the Note Trustee may, and if so requested by the holders of at least 20 per cent. in principal amount of the Notes of that Series then outstanding shall (subject to it being secured and/or indemnified and/or pre-funded to its satisfaction) give notice to the relevant Issuer that the Notes of that Series shall become immediately due and repayable and the security shall become enforceable, subject, in respect of certain events of default, to the Note Trustee having certified to the relevant Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders.



The Events of Default include, *inter alia*, non-payment of any principal and interest due in respect of the Notes, failure of the Issuer to perform or observe any of its other obligations under the Notes, the Note Trust Deed and the Security Trust Deed and insolvency, provided, however, that an Event of Default in respect of the Guaranteed Notes will not be deemed to have occurred unless a Guarantor Trigger Event (as defined below) has also occurred.

**Status of the Notes:**

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

**Security**

All Notes will be secured by a first floating charge on the whole of the relevant Issuer's undertaking, priority and assets. All Notes of each Issuer issued under the Note Trust Deed shall rank *pari passu* under such security, together with any other indebtedness intended by the relevant Issuer to rank *pari passu* with the Notes, subject to Condition 5 (*Security*).

**Guarantee:**

The payment of scheduled principal and interest in respect of Notes issued by TSF1 (such Notes being, **Guaranteed Notes**) will be guaranteed by the Guarantor.

**Guarantor Controlling Rights:**

In respect of the Guaranteed Notes, in relation to any matter other than a Noteholder Entrenched Right, provided that no Guarantor Trigger Event has occurred, the Guarantor shall have the right to direct the Note Trustee in writing in respect of all matters relating to the Conditions and the Note Trust Deed. In relation to a Noteholder Entrenched Right, the Note Trustee will act as directed pursuant to an Extraordinary Resolution of the Noteholders, subject (provided that no Guarantor Trigger Event has occurred) to the written approval of the Guarantor.

Guarantor Trigger Event means non-payment by the Guarantor when required under the Note Guarantee and the Note Guarantee or the Note Guarantee Security Assignment ceasing to be, or being claimed by the Guarantor not to be, in full force and effect other than in circumstances where it has been replaced by an equivalent guarantee.

**Priority of Payments:**

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

Following an enforcement with respect to the Notes of either Issuer and the security therefor, all monies received by or on behalf of the Note Trustee (following application in accordance with the applicable Security Trust Deed) and apportioned by the Note Trustee to the Notes of a Series pursuant to the Note Trust

Deed shall be applied in accordance with the Enforcement Priority of Payments.

**Covenants:**

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

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

- (f) in the case of TSF1, it will:
  - (i) promptly and diligently enforce the terms of the Loan Guarantee and procure that all amounts received from the Guarantor thereunder are paid to the Principal Paying Agent for application in payment of the corresponding amount due on the Guaranteed Notes;
  - (ii) notwithstanding the generality of the foregoing, use all reasonable endeavours to procure payment of all amounts which it is entitled to claim from the Guarantor pursuant to the Loan Guarantee if any Borrower fails to make any payment due to TSF1 under its Loan Agreement in full on the due date thereof; and
  - (iii) promptly, and in any event within two Business Days, notify the Note Trustee if it has submitted a notice of demand to, or received a payment from, the Guarantor pursuant to the Loan Guarantee (together with details thereof).

**Retained Notes:**

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

The relevant Issuer may sell or dispose of all or some of the Retained Notes in the market by private treaty at any time. Upon the sale of all or part of the Retained Notes, the relevant Issuer shall use the proceeds of such sale for on-lending to Relevant Borrowers, with the Relevant Borrowers reimbursing the relevant Issuer for the expenses of the sale and on-lending of the sale proceeds. In the event that a Relevant Borrower's drawdown date under the relevant Note Funded Loan Agreement is later than the date of the sale of the Retained Notes to a third party, the net proceeds will, until advanced, be:

- (a) held on deposit with a bank or financial institution with a credit rating which will not adversely affect the then current rating of the relevant Issuer or the Notes;
- (b) invested in instruments which have a maturity date before the drawdown date under the relevant Note Funded Loan Agreement and which are direct obligations of the UK or of any agency or instrumentality of the UK which are guaranteed by the UK; or
- (c) invested in instruments denominated in Sterling which have a maturity date before the drawdown date under the relevant Note Funded Loan Agreement and which are issued by or guaranteed by sovereign or supranational issuers with a rating as provided by a Rating Agency at

least equal to the rating of the UK as provided by such Rating Agency at the time of such investment.

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

**Rating:**

The Guarantor has been rated "AA" by S&P and each Issuer has been rated "A+" by S&P. The rating of each Tranche of Notes will be disclosed in the applicable Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Listing and admission to trading:**

Application has been made for Notes issued under the Programme to be admitted to trading on the ISM. In respect of any Notes issued by TSF2 which are specified as "Sustainability Notes" in the applicable Pricing Supplement, application may also (if so specified in the applicable Pricing Supplement) be made for such Notes to be admitted to trading on the SBM. All Guaranteed Notes will be issued as "Sustainability Notes" and an application will be made for the Guaranteed Notes to be admitted to trading on the SBM.

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

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

**Governing Law**

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

**Selling Restrictions**

There are restrictions on the offer, sale and transfer of the Notes in the United States, the UK, Japan and the Republic of Korea and a prohibition in respect of the sale of certain Notes to EEA retail investors and UK retail investors.

The Notes are subject to such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

**United States Selling Restrictions:**

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

## **Risk Factors**

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

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

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

### **Factors that may affect the Issuers' ability to fulfil its obligations under Notes issued under the Programme**

#### ***Issuers are dependent on receipt of funds from Borrowers (and, in the case of TSF1, the Guarantor)***

The Issuers' purpose is the incurrence of financial indebtedness, including the issuance of the Notes, and on-lending the proceeds thereof to Borrowers, and anything incidental thereto. As such the Issuers are entirely dependent upon receipt of funds received from Borrowers under the Loan Agreements (and, in the case of TSF1, where applicable, receipt of funds received from the Guarantor under the Loan Guarantee) in order to fulfil their obligations under the Notes. Neither the Administrator nor any other person has any obligation to provide financial or other support to either Issuer in order that it may meet its obligations under the Notes.

#### ***Credit Risk***

The ability of the Issuers to meet their obligations under the Notes will be dependent upon the payment of principal and interest due under the Loan Agreements by Borrowers (described under "*Description of the Borrowers*") and (and, in the case of TSF1 following non-payment by a Borrower) the payment of guaranteed obligations under the Loan Guarantee by the Guarantor, upon the Paying Agent making the relevant payments when received and upon all parties to the agreements relating to the Notes (other than the relevant Issuer) performing their respective obligations thereunder. Accordingly, Noteholders are exposed, *inter alia*, to the creditworthiness of the Issuer, the Borrowers, (where applicable) the Guarantor and the Paying Agent. In turn, the creditworthiness of these parties may be affected by the insolvency of any banks or other financial institutions at which any such party deposits cash, including during any interim period in which the proceeds of an issue of Notes or a sale of Retained Notes are held by the relevant Issuer before being advanced to a Borrower (as set out in more detail in "*Use of Proceeds and Sustainable Bond Framework*" below).

#### ***Credit Support***

As a result of the Note Guarantee, the Noteholders' receipt of scheduled interest and scheduled principal payments under the Notes does not depend on TSF1 receiving amounts from the Borrowers under the Loan Agreements or from the Guarantor under the Loan Guarantee. To the extent TSF1 has insufficient funds to pay scheduled interest and principal under the Notes, the Note Trustee (on behalf of the Noteholders and Couponholders) will have recourse to the Guarantor pursuant to the Note Guarantee.

In deciding to purchase Guaranteed Notes, Noteholders will ultimately be relying on their assessment of the Note Guarantee and the creditworthiness of the Guarantor. The rating of the Guaranteed Notes is linked directly to that of the Guarantor.

### ***Operational Risk***

As entities with a lending portfolio operating in the City of London, the Issuers are exposed to many types of operational risk that are inherent in financing operations, such as the ability to access their premises, cyber-attack, failure of payment systems and failure of internal controls as well as the consequences of fraud and other criminal activities, health and safety and environmental issues and acts of terrorism. These operational risks could have a material adverse effect on the Issuers' businesses, their financial condition and prospects and/or the results of the Issuers' operations.

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

### ***Pensions Acts***

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

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

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

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

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

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

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

The Administrator's most recent audited accounts indicate that the value of its resources is currently in excess of 50 per cent. of its share of the pension scheme's deficit (calculated on an annuity buy-out basis at the last available actuarial valuation, carried out as at 30 September 2023). As the Administrator is a service company to the Issuers, a financial support direction could be issued against either Issuer at any time even if the Administrator's resources are not subsequently valued at less than 50 per cent. of its share of the pension scheme's deficit.

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

If a contribution notice or financial support direction were to be issued against the relevant Issuer, this could adversely affect Noteholders.

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

## **Factors which may affect a Borrower's ability to fulfil its obligations under its Loan Agreement(s)**

### ***Housing Market Risk***

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

Among other things, these market risks may impact upon the expenses incurred by a Borrower associated with their existing residential properties, the rental income produced by these properties, the value of its existing investments, its ability to develop land that it has acquired and its ability to acquire additional sites. Any or all of these could, in turn, impact upon a Borrower's cash flow and its ability to

satisfy any covenants which it is required to maintain pursuant to the terms of existing facility arrangements or the relevant Loan.

### ***Rental Income, Housing Benefit and Social Housing Spending***

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

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

Universal Credit is currently in an extended "roll out" stage, the final managed migration stage of which is currently projected to be completed in 2026 (although this date may be pushed further out, as it has been previously, due to various delays). Universal Credit is a single means-tested benefit paid to those of working age (in and out of work), which will include an amount in respect of housing costs, which will replace housing benefit.

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

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

### ***Rental Growth Risk***

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

On 4 October 2017 the Government announced its proposals for increases in social housing rents to be limited to CPI plus 1 per cent. from 2020 to 2025. In order to implement this change, the Secretary of State directed the Regulator of Social Housing to set a new Rent Standard from April, 2020 and the Regulator of Social Housing published the new Rent Standard, which came into effect on 1 April 2020. Notwithstanding the five-year Rent Standard however, due to inflationary pressures potentially having a



significant impact on the affordability of CPI plus 1 per cent. rent increases for social sector tenants, on 14 December 2022 the Government issued a direction to the Regulator of Social Housing that it must publish a revised Rent Standard giving effect to the following:

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

The direction made by the Government on 14 December 2022 does not change the basis for setting new formula rents or affordable rents. In addition, service charges remain outside the mandatory scope of the Rent Standard (although registered providers in England are expected to endeavour to keep increases in service charges in line with the increases in rents).

On 30 October 2024, the Government announced a consultation on social housing rents which will result in a new direction to the Regulator, Policy on Social Housing Rents and Rent Standard. The consultation closed on 23 December 2024, and focuses on the introduction of a new rent policy from 1 April 2026. Key proposals made in the consultation include:

- The new rent policy to remain in place for at least 5 years, from 1 April 2026 to 31 March 2031 (although the Government is seeking views on alternate approaches for example a longer 7 or 10 year rent settlement, or a 'rolling' 5 year settlement whereby a further year can be added to the existing policy annually from implementation).
- Both social and affordable rents to be permitted to increase by a maximum of the increase in CPI (the relevant CPI figure taken from the September prior to the rent increase) plus 1 per cent. per annum (unless, in the case of social rents only, the current rent exceeds the applicable rent flexibility limit or if there is a lower registered rent where there is a fair rent tenancy – in which case the lower rent amount is the cap).

The new proposals do not change the basis for setting new formula rents or affordable rents, and similarly do not change the regulatory position of service charges.

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

Notwithstanding this five-year Charter however, due to inflationary pressures potentially having a significant impact on the affordability of rent increases, on 6 September 2022 the Scottish Government announced emergency legislation, in the form of the Cost of Living (Tenant Protection) (Scotland) Act 2022, to put in place a rent freeze until 31 March 2023. The new Act came into force on 28 October 2022 and was then extended by the Scottish Parliament to have effect until March 2024. The protections afforded by the Act were replaced by new temporary protection for private sector tenants contained in the Rent Adjudication (Temporary Modifications) (Scotland) Regulations 2024 from 1 April 2024.

While the provisions of the Cost of Living (Tenant Protection) (Scotland) Act 2022 were extended in relation to private sector tenancies (and similarly private sector tenants benefit from the Rent Adjudication (Temporary Modifications) (Scotland) Regulations 2024), on 21 December 2022, the Scottish Government announced that it would not implement legislation in relation to social rents on the basis of a voluntary agreement with the Scottish Federation of Housing Associations to the effect that housing associations will always set rents with regard to a full and transparent consultation process with tenants and will seek to mitigate as much of the cost implications of inflationary price increases and interest rate rises as possible.

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

Pursuant to their powers under the Housing Associations Act 1985, the Housing Act 1996 and the Housing (Wales) Measure 2011, the Welsh Ministers have the power to set standards of performance in relation to Welsh registered social landlords' (**Welsh RSLs**) rents. In previous years they have published Welsh RSLs' target rent bands including annual statements in relation to increases to those rents, however the use of target rent bands has been suspended at the current time. The Welsh Government's Standard for Social Housing Rents and Service Charges (the **Rent and Service Charge Standard**) was first published on 16 February 2015, and most recently updated on 19 January 2024 to cover the period from April 2020 to March 2025. The Rent and Service Charge Standard applies to sheltered as well as general needs stock (although not extra care or supported housing). The Rent and Service Charge Standard caps annual rent increases by the increase in CPI (the relevant CPI figure taken from the September prior to the rent increase) plus 1 per cent.. The exception to this general rent increase rule is where CPI falls outside a range of between 0 per cent. and 3 per cent. (in which case the Minister for Housing and Regeneration makes a decision on the level of rent increases to be applied in that year only). The Rent and Service Charge Standard also provides that individual tenants' rent could increase by CPI+1 per cent. plus up to £2, on condition that the landlord's overall increase in rental income for all their stock is no greater than CPI+1 per cent.. Social landlords are expected to have their own rent and service charge policies and make their own decisions on how rents are increased each year, after making an assessment of cost efficiencies, value for money and affordability for tenants and these assessments and decisions must be reported annually to the Welsh Government. Due to inflationary pressures, following a consultation with Welsh landlords, the Welsh Government stipulated that rents may only rise by a maximum of 6.5 per cent from April 2023, and then on 27 October 2023 further announced that social rents for the financial year 2024/25 may be increased by a maximum of 6.7 per cent. Rent increases in the financial year 2025/26 will be capped at the increase in CPI (the relevant CPI figure taken from the September prior to the rent increase) plus 1 per cent.

On 16 October 2024, the Welsh Cabinet Secretary for Housing and Local Government announced that a formal consultation exercise on the Welsh Government's future social rent policy is planned for summer 2025.

In Northern Ireland, the Department for Communities is the regulatory authority for registered social housing providers (**RSHPs**). Although it publishes regulatory guidance, this does not prescribe particular rent increase requirements. The Housing Executive (the public housing authority for Northern Ireland) uses a set formula to work out how much rent it should charge for each of its properties. Each property is given a number of "points", depending on its building type, age, size and various other factors,

and then each year the Housing Executive sets an increased monetary value for a "point", and tenants' rents are increased accordingly. Although many RSHPs in Northern Ireland will follow the same system that the Housing Executive uses (and the Housing Executive may ask RSHPs generally to use a particular rent increase each year), such arrangements are not compulsory, and so RSHPs are able to adopt their own rent policies (for example by increasing rents annually by a factor related to the increase in CPI). Unlike its counterparts in England, Scotland and Wales, the Department for Communities has not thus far intervened in rent setting for independent social landlords.

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

### **Non-payment Risks**

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

The "*Sector Risk Profile 2024*" published by the Regulator of Social Housing in October 2024, states that "*High inflation and real terms wage reductions seen in the last few years have increased financial pressure on households and could result in an increase in arrears. Frequently this rental income is supported by government benefits such as Housing Benefit or the housing element of Universal Credit. Changes to benefits policy and the administration of benefits can have implications for landlords' rent collection.*"

In the event that any tenants of a Borrower's properties fail to pay rent in full or fail to pay rent in full on a timely basis, this could also affect the ability of the relevant Borrower to meet its payment obligations under the Loan Agreement(s) to which it is a party and, in turn, the ability of the Issuer to make payments in respect of the Notes.

### **Regulatory Risk**

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

Compliance with the regulatory requirements may result in increased costs for some registered providers of social housing but much of what is required is already normal practice in the sector. See "*Description of the Borrowers – Regulation of housing associations*". Any breach of the regulatory requirements by a Borrower could lead to the exercise of statutory powers by the relevant regulator, which may adversely impact the ability of such Borrower to make payments in respect of its Loan.

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

### **Increased capital expenditure requirements**

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

Following on from the Grenfell Tower tragedy in 2017, the Fire Safety Act 2021 and the Building Safety Act 2022 introduced wide-ranging changes to the design, construction and maintenance of the built

environment, including the creation of a new Building Safety Regulator with a range of enforcement powers and a new regulatory regime. Compliance with this new legislation has resulted in the need to undertake remedial action to a significant number of existing multi storey buildings.

The Climate Change Act 2008 (as amended) introduced a legal duty for the UK Government to act to reduce greenhouse gas emissions and provides the framework for the UK's approach to climate change. Through the Climate Change Act 2008 (2050 Target Amendment) Order 2019, the UK Government has committed to a 100 per cent reduction in greenhouse gas emissions compared to 1990 levels by 2050 (Net Zero). There are, however, different approaches being adopted by England, Scotland and Wales. In England, the so-called "*Clean Growth Strategy*", the UK Government has set a target for social housing in England to attain the minimum rating of Energy Performance Certificate (**EPC**) C for rented properties by 2035 (or 2030 for 'fuel poor' households). This has been set as a milestone towards the longer term, and more ambitious and challenging, aspiration to make all homes Net Zero by 2050. On 23 September 2024, the UK Government announced that it would shortly consult on proposals for private and social rented homes to achieve Energy Performance Certificate C or equivalent by 2030. Scotland has a similar approach to attaining EPC B by 2032 under its "Energy Efficiency Scotland" programme. The Welsh Government has a more ambitious target of EPC A by 2030. Borrowers' housing portfolios will have varying proportions of stock across the EPC bandings, but it is clear that considerable sums will need to be spent to achieve government targets.

Following the tragic death of an infant in 2022 whose underlying health conditions were adversely affected by damp and mould in the property rented to his family by a social landlord, the Social Housing (Regulation) Act 2023 was introduced to give more rights and protections to tenants living in homes which have damp or mould and inserts into social housing tenancy agreements an implied term that will require landlords to comply with new requirements, to be set in detail through secondary legislation. Addressing such issues may increase the expenses incurred by a Borrower associated with inspecting and refurbishing existing residential properties and/or may affect the rental income produced by these properties which could adversely impact the financial standing of a Borrower and, accordingly, may adversely affect its ability to meet its financial obligations under its Loan which, in turn, could adversely affect the Issuer's ability to make payments on the Notes.

The "*Sector Risk Profile 2024*" published by the Regulator of Social Housing in October, 2024, states that "*The sector is currently spending record amounts on repairs and maintenance, with further significant increases forecast (FFR 2024). Over the next five years, repairs and maintenance expenditure is forecast to amount to £50bn, 43 per cent. of social housing lettings turnover.*"

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

### ***Risks related to increased inflation***

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

A sustained period in which cost inflation exceeded income inflation, or a continued or sustained period in which central banks maintain interest rates at elevated levels to combat inflationary pressures, would

put Borrowers under financial strain and could have an adverse impact on the ability of a Borrower to meet its payment obligations under the Loan Agreement(s) to which it is a party on a timely basis.

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

This could affect the ability of a Borrower to meet its payment obligations under the Loan Agreement(s) to which it is a party and, in turn, this could adversely affect the Issuer's ability to make payments on the Notes.

### ***Housing Grant Risk***

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

### ***Merger Risk***

Borrowers may merge or consider merging with another entity which could give rise to risks such as management distraction, the incurring of additional costs and, in the case of a merger, merger execution and implementation risks. The risk profile of the merged entity may be better or worse than that existing before any such merger.

### ***Moratorium***

Under the Housing and Regeneration Act 2008, as amended by the Housing and Planning Act 2016, in order to protect the interests of tenants and to preserve the housing stock of a registered provider of social housing within the social housing sector, a 28 day moratorium will apply on the disposal of land (including the enforcement of any security) by an insolvent non-profit registered provider of social housing, upon certain steps being taken in relation to that provider.

However, in case of registered providers which are community benefit societies or community interest companies, further regulations have been enacted in order to formalise how a housing administration would be conducted. The Insolvency of Registered Providers of Social Housing Regulations 2018 came into effect on 4 July 2018.

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

The moratorium procedure may adversely affect the Issuer's ability to enforce the security provided by Borrowers as it stipulates actions that must be taken by a secured creditor prior to that secured creditor being able to enforce its security and gives powers to the Regulator of Social Housing in respect of certain secured assets. This may have an adverse effect on the Issuer's ability to make payments in respect of the Notes. See also "*Housing Administration*".

### ***Housing Administration***

The Housing and Planning Act 2016 introduced a special administration regime in England called housing administration which extends to private registered providers of social housing that are either companies, registered societies within the meaning of the Co-operative and Community Benefit Societies Act 2014, or charitable incorporated organisations within the meaning of Part 11 of the Charities Act 2011.

The Housing Administration (England and Wales) Rules 2018 came into effect on 5 July 2018.

Regulations to implement the housing administrator regime in the form of the Insolvency of Registered Providers of Social Housing Regulations 2018 came into force on 4 July 2018. Under the special administration regime, a court may appoint a qualified insolvency practitioner (a **housing administrator**) to manage the affairs, business and property of a registered provider of social housing at risk of insolvency, following an application from the Secretary of State for Levelling Up, Housing & Communities, or the Regulator of Social Housing.

The housing administrator has two objectives. Objective 1 consists of the rescue of the registered provider as a going concern / achieving a better result for its creditors than possible on a winding-up / realising property to distribute to more secured or preferential creditors. Objective 2 is to keep the organisation's social housing under the ownership of a registered provider of social housing. Whilst the housing administrator is expected to work towards both these objectives, the first objective has been explicitly stated as being the priority.

When a housing administration order has been made, creditors cannot appoint their own administrator or enforce their security. They also have no veto over the housing administrator's proposals. Planning obligations under section 106 of the Town and Country Planning Act 1990 will not bind land disposed of by the housing administrator.

The Secretary of State for Levelling Up, Housing & Communities is able to make grants or loans to help the registered provider of social housing achieve the objectives mentioned above, indemnify the housing administrator or his or her corporate employer against loss, damages and liabilities connected to the performance of the role, and guarantee the repayment of any sum plus interest borrowed by the registered provider of social housing, or the discharge or any other financial obligation it incurs in connection with its borrowing whilst the order is in force.

Whilst the 28-day moratorium under the 2008 Act remains an option under this new regime, in practice, the appointment of the housing administrator will buy significantly more time before land belonging to a registered provider of social housing must be disposed of to meet its liabilities. This is likely to mean that cash flows used to make payments to creditors may be disrupted for a longer period and restoration of these cash flows may be less certain under the new regime. At present, since the 28-day period cannot be extended without the agreement of all of the secured creditors, any secured creditor can enforce their security after that point. This is not possible under the new regime. The housing administrator must act in the interests of the secured creditors as a whole as far as is consistent with Objective 1.

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

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

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

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes and (in the case of Guaranteed Notes) will be required to redeem the Guaranteed Notes if directed to do so by the Guarantor pursuant to the Note Guarantee in the event that: (a) a non-payment has occurred and is continuing, (b) a notice of demand has been delivered by the Note Trustee to the Guarantor pursuant to the Note Guarantee; or (c) the Guarantor has made any payment pursuant to the Note Guarantee in relation to any Guaranteed Notes (and in each case, that amounts remain outstanding under the Guaranteed Notes). At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

### ***Taxation – No Gross Up***

Neither Issuer will be obliged to pay any additional amounts to Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the relevant Issuer or any Paying Agent. Accordingly, in the event of a change of tax law, there may be an effect on the amount of principal or interest receivable by Noteholders under the terms of the Notes.

### ***Changes of Law***

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

### ***Liquidation expenses***

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

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

### **Control by the Guarantor**

Although the Note Guarantee mitigates the credit risks to which potential investors in the Guaranteed Notes would otherwise be exposed, involvement of the Guarantor will have certain consequences. In particular, provided that no Guarantor Trigger Event has occurred, the Guarantor shall have the right to direct the Note Trustee in respect of all matters relating to the Conditions and the Note Trust Deed (other than a Noteholder Entrenched Right, in respect of which the Note Trustee shall act as directed pursuant to an Extraordinary Resolution of the Noteholders, subject (provided that no Guarantor Trigger Event has occurred) to the written approval of the Guarantor).

In addition, provided that no Guarantor Trigger Event has occurred, the Note Trustee shall, without the consent of Noteholders or the Couponholders, if so directed by the Guarantor, agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Note Trust Deed (provided that the subject matter is not a Noteholder Entrenched Right) in the circumstances and subject to the conditions described in Condition 18.1 (*Controlling Rights of the Guarantor prior to a Guarantor Trigger Event*). The Note Trustee will incur no liability to any person for so doing.

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

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. In respect of modifications to Conditions 5 (*Security*) and 7 (*Covenants*), the Conditions permit defined majorities of the holders of all Series of Notes to bind holders of each individual Series of Notes outstanding (regardless of how the Noteholders of a particular Series of Notes voted in respect of such resolution).

The conditions of the Notes also provide that (in the case of Guaranteed Notes, following a Guarantor Trigger Event) the Note Trustee may (a) without the consent of the Noteholders (but subject to confirmation from the Rating Agencies (as defined in the Conditions) that its then current rating of the Notes would not be adversely affected and provided that the subject matter is not a Noteholder Entrenched Right), agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Note Trust Deed or the Security Trust Deed or determine that any Event of Default or potential Event of Default (as defined in the Note Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Note Trustee, materially prejudicial to the interests of the Noteholders) or (b) agree, without such consent or confirmation as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is proven to the satisfaction of the Note Trustee.

Furthermore, while each Loan will incorporate the core terms as set out in the Note Trust Deed and as amended from time to time in accordance with Condition 7(d) (*Covenants*) (the **Core Terms**, the current Core Terms being described in "*Description of the Loan Agreements and the Core Terms*") as required by the Note Trust Deed, the Core Terms may be modified from time to time without the consent of the Noteholders, but with the consent to such modification of (a) the Note Trustee, and the Note Trustee shall (subject as provided in the Note Trust Deed) be obliged to consent to such modification where the Rating Agencies confirm that the then current rating of the relevant Issuer would not be adversely affected and (b) in the case of Guaranteed Notes, the Guarantor.



## ***Corporate Insolvency and Governance Act 2020***

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

### ***Redemption prior to maturity***

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

The occurrence of an Event of Default under the Notes as set out in Condition 13 (*Events of Default and Enforcement*) entitles the Note Trustee (subject as provided in Conditions 5.2 (*Enforcement of Security*) and 13 (*Events of Default and Enforcement*)) to accelerate the maturity of the Notes and to direct the Security Trustee to enforce the security for the Notes (including converting the floating charge granted by the Issuer into a fixed charge). However, an event of default under the Notes will not, by itself, be an event of default under the Loan Agreements and accordingly acceleration of the maturity of the Notes and enforcement of the security for the Notes will not, by itself, entitle the Security Trustee to accelerate the maturity of the Loan Agreements or to enforce the security given by Borrowers under the Loan Agreements. Such an entitlement would arise upon the occurrence, in relation to a Borrower, of one of the events of default under its Loan Agreement.

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

The conditions of the Notes, and the ratings assigned to them, are based on English law, regulatory and administration practice in effect as at the date of this Programme Memorandum (including taxation). No assurance can be given as to the impact of any possible judicial decision or change to English law, regulatory or administrative practice in the UK, or to UK tax law, or the interpretation or administration thereof, or to the published practice of HM Revenue & Customs as applied in the UK after the date of this Programme Memorandum and any such change could materially adversely impact the value of any Notes affected by it.

### ***Business Relationships***

Each of the Issuers, the Guarantor, the Dealers, the Note Trustee, the Security Trustee, the Paying Agents, the Custodian, the Administrator, the Borrowers and any of their affiliates may have existing or future business relationships with any of the others (including, but not limited to, lending, depositary, risk

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

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

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

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

### ***Disclosure***

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

### **Risks related to the market generally**

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

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

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid and may be sensitive to changes in financial markets. Therefore, investors may not be able to sell their Notes easily or at prices that will provide

them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case should the relevant Issuer or the Guarantor be in financial distress, which may result in any sale of the Notes having to be at a substantial discount to their principal amount or for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors.

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

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

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

***The value of the Notes may be adversely affected by movements in market interest rates***

Interest on the Notes is payable at a fixed rate. Investment in the Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Notes, this will adversely affect the value of the Notes.

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

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

## Risks related to Sustainability Notes

### ***Notes issued as Sustainability Notes may not be a suitable investment for all investors seeking exposure to sustainable assets***

TSF2 may issue Sustainability Notes (as defined in "Use of Proceeds Sustainable Bond Framework") under the Programme and all Notes issued by TSF1 will be issued as Sustainability Notes. In the event that the relevant Issuer issues Sustainability Notes, it is the relevant Issuer's intention that the net proceeds from the issue of Sustainability Notes will be used for projects defined as "sustainable" in accordance with the Sustainable Bond Framework (as defined in "Use of Proceeds Sustainable Bond Framework"). Prospective investors should have regard to the information set out in the relevant Pricing Supplement and must determine for themselves the relevance of such information for the purpose of any investment in such Sustainability Notes together with any other investigation such investor deems necessary.

In particular, no assurance is given by the Issuers, the Guarantor, the Dealers or any other person that the use of the proceeds of issue of any Sustainability Notes will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates. Neither the Arrangers nor the Dealers or any of their respective affiliates shall be responsible for the ongoing monitoring or verification of the use of proceeds in respect of any such Notes or any of the other commitments of the relevant Issuer set out in Sustainable Bond Framework relating to any such Notes.

Furthermore, it should be noted that there is currently no clearly-defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "sustainable" or such other equivalent label nor can any such assurance be given that such a clear definition or consensus will develop over time. On 18 June 2020, Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment was adopted by the Council and the European Parliament (the **Taxonomy Regulation**). The Taxonomy Regulation establishes a single EU-wide classification system or "taxonomy", which provides companies and investors with a common language for determining which economic activities can be considered environmentally sustainable. In addition, the FCA has, on 31 May 2024, introduced its Anti-Greenwashing Rule which requires that references to the sustainability characteristics of products or services are (a) consistent with the sustainability characteristics of the product or service and (b) fair, clear and not misleading. The "*Finalised non handbook guidance on the Anti Greenwashing Rule*" further clarifies that sustainability references should be correct and capable of being substantiated, clear and presented in a way that can be understood and complete (they should not omit or hide important information and should consider the full life cycle of the product or service), and comparisons to other products or services should be fair and meaningful. The guidance recognises that the terms "environmental", "social" and "governance" are used to refer to sustainability matters, but also notes that there is no single definition of sustainability. Accordingly, no assurance is or can be given by either Issuer, the Guarantor, the Dealers or any other person to investors that any projects or uses of the proceeds will meet any or all investor expectations regarding such "sustainable" or other equivalently-labelled performance objectives or that any adverse sustainable and/or other impacts will not occur during the implementation of any projects or uses of the proceeds. In addition, no assurance can be given by either Issuer, the Guarantor, the Dealers or any other person to investors that any Sustainability Notes will comply with any future standards or requirements for being Sustainability Notes and, accordingly, the Sustainability Note status of the Notes could be withdrawn at any time.

No assurance or representation is given by either Issuer, the Guarantor, the Dealers or any other person as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Sustainability Notes, and the Noteholders shall have no recourse against the relevant Issuer, the Guarantor or any of the Dealers in respect of the contents of any such opinion or certification. For the avoidance of doubt, any such opinion or certification is not, nor shall it be deemed to be, incorporated in and/or form part of this Programme Memorandum. Any such opinion or certification is not, nor should it be deemed to be, a recommendation by either Issuer, the Guarantor, the Dealers or any other person to buy, sell or hold any such Sustainability Notes. Any such opinion or certification is only current as at the date that opinion was initially issued and the providers of such opinions and certifications are under no obligation to update them following their issue. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in any such Notes. The criteria and/or considerations that form the basis of any such opinion or certification may change at any time and any such opinion or certification may be amended, updated, supplemented, replaced and/or withdrawn at any time. Any withdrawal of any opinion or certification may have a material adverse effect on the value of any Sustainability Notes in respect of which such opinion or certification is given and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. As at the date of this Programme Memorandum, the providers of such opinions and certifications are not subject to any specific or regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance of any opinion or certification and/or the information contained therein.

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

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

## **The impact on investor demand for Sustainability Notes of the European Green Bond Standard is unclear**

Regulation (EU) 2023/2631 introduced the European Green Bond Standard, which will apply from 21 December 2024, which is a voluntary label for issuers of green use of proceeds bonds (such as any Sustainability Notes which may be issued under the Programme) where the proceeds will be invested in economic activities aligned with the Taxonomy Regulation and a prospectus is published in respect of such bonds under the Regulation (EU) 2017/1129. The Sustainability Notes issued under the Programme are intended to comply with the criteria and processes set out in the Sustainable Bond Framework and are not specifically aligned with the European Green Bond Standard. As the European Green Bond Standard is a voluntary label, it is not clear, at this stage, whether the European Green Bond Standard, if and when implemented, may impact investor demand for, and pricing of, green use of proceeds bonds (such as any Sustainability Notes which may be issued under the Programme) that do not meet such standard and it could reduce demand and liquidity for Sustainability Notes and their price.

## Documents incorporated by Reference

This Programme Memorandum should be read and construed in conjunction with:

- (a) the audited financial statements of TSF1 for the financial years ending on 31 March 2023 and 31 March 2024, including the reports of the auditors thereon (the **TSF1 Financial Statements**);
- (b) future audited annual financial statements of each Issuer and future unaudited interim financial statements of each Issuer (if any); and
- (c) future inside information as required to be made public under Regulation (EU) No. 596/2016 on market abuse as it forms part of domestic law by virtue of the EUWA (as amended or superseded),

in the case of (b) and (c) as and when such future financial statements or inside information are published in accordance with the ISM Rulebook.

The TSF1 Financial Statements and such future financial statements and inside information shall (in the case of future financial statements and inside information, upon publication) be incorporated in, and form part of, this Programme Memorandum.

Copies of the TSF1 Financial Statements and such future financial statements and inside information will be available from the registered office of each Issuer and from the specified office of the Principal Paying Agent for the time being in London during normal business hours upon written request and provision of proof of holding and identity (in a form satisfactory to the Principal Paying Agent) and will be available for viewing on the THFC Group's website at <https://www.thfcorp.com/financial-statements/> and via the relevant regulatory announcement on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Programme Memorandum shall not form part of this Programme Memorandum. Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or otherwise covered elsewhere in this Programme Memorandum.

## Form of the Notes

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

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

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

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

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

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

in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is properly withheld or refused.



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

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

- (c) an Event of Default (as defined in Condition 13.1 (*Events of Default*)) has occurred and is continuing;
- (d) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Note Trustee is available; or
- (e) the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form and a certificate to such effect signed by two Directors of the relevant Issuer is given to the Note Trustee.

The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 17 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Note Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (c) above, the relevant Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

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

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

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

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

## **General**

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are

different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series which, where Category 2 is specified in the applicable Pricing Supplement, shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

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

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

## Applicable Pricing Supplement

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

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

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

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**) [MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*] Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

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

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



2

- (a) Series Number: [specify]
- (b) Tranche Number: [specify]
- (c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [identify earlier Tranches] on [the Issue Date][the date that is 40 days after the Issue Date][exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 16 below, which is expected to occur on or about [date]][Not Applicable]

3 Aggregate Principal Amount:

- (a) Series: [specify]
- (b) Tranche: [specify]

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

5 Specified Denominations: [specify]

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

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

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

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

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

7 Trade Date: [specify]

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<sup>8</sup> Insert for Notes to be issued by TSF2

- 8 Issue Date: [specify]
- 9 Interest Commencement Date: [specify][Issue Date]
- 10
- (a) Legal Maturity Date: [specify]
- (b) Expected Maturity Date [specify]
- [In each case, specify date falling in or nearest to [specify month and year]]
- 11 Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Expected Maturity Date or such later date subject to, and in accordance with, Condition 10.1 (*Redemption at maturity*) at [specify] per cent. of their principal amount.
- (further particulars specified below)
- 12 Date [Board] approval for issuance of Notes obtained: [specify][Not Applicable]
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)

**Provisions relating to interest payable**

- 13 Fixed Rate Note Provisions
- (a) Rate(s) of Interest: [specify] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [specify] in each year up to and including the Legal Maturity Date
- (Amend appropriately in the case of irregular coupons)
- (c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [specify] per Calculation Amount
- (d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [[specify] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [specify]][Not Applicable]
- (e) Determination Date(s): [specify] [and [specify]] in each year

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

### Provisions relating to redemption

- 14 Issuer Call: [Applicable][Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [At any time][specify dates]
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s):
- In relation to Condition 10.2(a) (*Redemption at the option of the Issuer (Issuer Call)*): [par/specify other]
- In relation to Condition 10.2(c) (*Redemption at the option of the Issuer (Issuer Call)*): [In relation to each Note, [specify] per cent. of its Outstanding Principal Amount][Spens Amount]
- (c) If Spens Amount is applicable:
- (i) Benchmark Gilt: [specify]
- (ii) Spens Margin: [specify] per cent.
- (d) If redeemable in part:
- (i) Minimum Redemption Amount: [specify]
- (ii) Maximum Redemption Amount: [specify]
- (e) Notice periods: Minimum period: [15] days
- Maximum period: [30] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or the Note Trustee.)*
- 15 Final Redemption Amount: [[specify] per Calculation Amount][specify other]

## General provisions applicable to the Notes

- 16 Form of Notes:
- (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]  
[Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]
- (b) New Global Note: [Yes][No]
- 17 Retained Notes: [Applicable, £[●] in principal amount][Not Applicable]
- 18 Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.][No]

## Responsibility

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

Signed on behalf of

[THFC Sustainable Finance Plc][T.H.F.C. Sustainable Finance (No.2) Plc]:

By:

*Duly authorised*

By:

*Duly authorised*



## Part B – Other Information

### 1 Admission to trading

- (i) Admission to trading: [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the London Stock Exchange plc's International Securities Market] [and Sustainable Bond Market] with effect from [*specify*].] [Not Applicable]<sup>9</sup>
- (ii) Estimate of total expenses related to admission to trading: [*specify*]

### 2 Ratings

Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated "[●]" by [*insert the legal name of the relevant credit rating agency entity(ies)*].][Not Applicable]

### 3 Interests of natural and legal persons involved in the Issue

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

### 4 Yield

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

### 5 Operational Information

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

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<sup>9</sup> [Application for all Notes issued by TSF2 should be made to the SBM.]

- assigned the ISIN][Not Applicable][Not Available]
- (If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")*
- (v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable][give name(s) and number(s)]
- (vi) Delivery: Delivery [against][free of] payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): [*specify*]
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/
- [No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]
- (ix) Use of proceeds: [*give details if additional to the "Use of Proceeds and Sustainable Bond Framework" section in the Programme Memorandum*]
- (x) Sustainability Note: [Yes][Not Applicable]<sup>10</sup>

<sup>10</sup> [All Notes issued by TSF2 should be issued as Sustainability Notes.]

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

- (A) Second Party Opinion Provider(s): [Name of relevant rating agencies and name of third party assurance agent, if any and details of compliance opinion(s) and availability]
- (B) Date of Second Party Opinion(s): [give details]

## 6 Distribution

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

## 7 Borrowers

### [Borrower summary financial information:

The following table sets out summary financial information in respect of the Borrowers (including the Relevant Borrowers which have entered into Note Funded Loan Agreements in respect of the proceeds of the Notes to be issued). The summary financial information in this table is provided at the group level to provide an overall picture of the profile of the group of which each Borrower is a member. The financial information set out below is extracted from the latest set of audited consolidated financial statements for each Borrower and may not therefore correspond with the same financial information if it were to be calculated on an unconsolidated basis at the Borrower level.

Unless otherwise stated on the respective website for each Borrower set out below, the financial statements of each Borrower have been prepared and audited in accordance with the generally accepted auditing standards in the United Kingdom as applicable as at their date.

Borrower	Website	Nominal loan to TSF1 £k	Nominal loan to TSF2 £k	No. of units owned	Housing properties £k	Net debt £k*	Operating Surplus £k	Net interest payable £k*	Social housing lettings turnover £k	Total turnover £k	Regulatory status	Year end

\* The information set out in the columns entitled "Net debt £k" and "Net interest payable £k" in the above summary table has been calculated from extracted information from the latest set of audited financial statements for each Borrower (or the latest set of audited consolidated financial statements for such Borrower's group). The information set out in the remaining columns has been extracted from the latest set of audited consolidated financial statements for each Borrower although the headings of the line items may vary.

\*\* Denotes a Borrower which has entered into a Note Funded Loan Agreement to be funded from the proceeds of the Notes to be issued.

This Pricing Supplement sets out financial information as at the relevant year end of each Borrower only. Interim financial statements (if any) and/or trading statements (if any) may be available on the website of the relevant Borrower at the address set out above. In the case of a Borrower with debt securities admitted to the Official List of the Financial Conduct Authority, interim financial statements (if any) and/or trading statements (if any) of such Borrower may also be available on a Regulatory Information Service (as such term is defined in the Listing Rules of the Financial Conduct Authority). [The Issuer is aware that the following Borrowers have published interim financial statements and/or a trading statement since the publication of such Borrower's latest audited consolidated financial statements:

[●]; and

[●].]

### [Borrower compliance with the Asset Cover Test:

The following table summarises the Asset Cover Ratio (as defined below) derived from the security portfolio for each Borrower.

Borrower	Aggregate principal amount of Loan to TSF2 £k	Interest payable £k	Fixed charge security £k		Cash security £k	Asset Cover Ratio (Min 1x) <sup>(1)</sup>
			EUV-SH	MV-ST		

Notes:

Asset Cover Ratio means the sum of:

- (a) the Minimum Value of the Charged Properties; and
- (b) the Cash Security,

divided by the nominal amount of the Loan. Defined terms in this section have the meaning given in the section entitled "*Description of the Loan Agreements and the Core Terms*" of the Programme Memorandum.

For new Borrowers, or Borrowers taking additional funding, the funding is initially secured by the cash proceeds of the advance pending the charging of property security. Such cash is shown in the column entitled "Cash security £k". Borrowers have up to 12 months to complete the charging of property security.]<sup>11</sup>

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<sup>11</sup> To be inserted for Notes issued by TSF2 only.

## Terms and Conditions of the Notes

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

This Note is one of a Series (as defined below) of Notes issued by the Issuer specified as such in the applicable Pricing Supplement (as defined below) constituted by the Note Trust Deed (as defined below) made between, *inter alios*, the Issuer and The Law Debenture Trust Corporation p.l.c. (the **Note Trustee**, which expression shall include any successor as Note Trustee).

Where the Issuer is specified as THFC Sustainable Finance Plc in the applicable Pricing Supplement, the Notes are unconditionally and irrevocably guaranteed as to payments of scheduled principal and interest pursuant to a Note Guarantee dated 25 February 2025 (the **Note Guarantee**) entered into by National Wealth Fund Limited (the **Guarantor**), the Issuer and the Note Trustee, and have the benefit of a Security Assignment dated 25 February 2025 (the **Note Guarantee Security Assignment**) granted by the Guarantor in favour of the Note Trustee. Such Notes are referred to herein as **Guaranteed Notes**.

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

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

The Notes and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement dated 25 February 2025 (as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) and made between, *inter alios*, the Issuer, the Note Trustee and The Bank of New York Mellon, London Branch as issuing and principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent, and, together with any other paying agents appointed thereunder, the **Paying Agents**, which expression shall include any additional or successor paying agents).

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

in the applicable Pricing Supplement shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Memorandum.

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

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

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

Copies of the Note Trust Deed, the Security Trust Deed, the Note Guarantee, the Note Guarantee Security Assignment, the Agency Agreement and the Custody Agreement (as defined below) are available for inspection upon reasonable notice during normal business hours at the registered office of the Note Trustee at 8th Floor, 100 Bishopsgate, London EC2N 4AG or any such other registered office from time to time and at the specified office (as defined below) of each of the Paying Agents upon written request and provision of proof of holding and identity (in a form satisfactory to the Note Trustee or the relevant Paying Agent, as applicable). If the Notes are to be admitted to trading on the London Stock Exchange's International Securities Market, the applicable Pricing Supplement will be published on the website of the London Stock Exchange through a regulatory information service or published in any other manner permitted by the International Securities Market Rulebook effective as of 1 January 2021 (as may be modified and/or supplemented and/or restated from time to time). The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Note Trust Deed, the Security Trust Deed, the Note Guarantee and the Note Guarantee Security Assignment (in the case of Guaranteed Notes), the Agency Agreement, the Custody Agreement and the applicable Pricing Supplement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Note Trust Deed, the Security Trust Deed, the Note Guarantee, the Note Guarantee Security Assignment the Agency Agreement and the Custody Agreement.

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

## 1 Definitions

For the purposes of the Conditions:

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

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

**Beneficiary** has the meaning given to that term in the Security Trust Deed;

**Borrower** means a Registered Provider which borrows monies pursuant to a Loan Agreement (including, without limitation, a Relevant Borrower);

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

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

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

**Custody Agreement** means the Amended and Restated Custody Agreement dated 25 February 2025 as amended and/or supplemented and/or restated from time to time between the Issuer and the Custodian;

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

**Enforcement Priority of Payments** has the meaning given in Condition 5.3 (*Application of proceeds*);

**Event of Default** has the meaning given in Condition 13.1 (*Events of Default*);

**Guaranteed Obligations** has the meaning given to it in the Note Guarantee;

**Guarantor Trigger Event** means:

- (a) the Issuer fails to pay any Guaranteed Obligation on the due date thereof and such Guaranteed Obligation is not paid by the Guarantor on the date stipulated in the Note Guarantee;
- (b) the Guarantor disclaims, disaffirms, repudiates and/or challenges the validity of any of its obligations under the Note Guarantee or the Note Guarantee Security Assignment or seeks to do so; or
- (c) the Note Guarantee or the Note Guarantee Security Assignment ceases to be in full force and effect other than in circumstances where it has been replaced by a guarantee from another guarantor on terms previously approved in writing by the Note Trustee or by an Extraordinary Resolution;

**Issuer Expenses** means amounts due and payable by the Issuer:

- (a) in respect of fees and expenses (including indemnities) to the Note Trustee under the Note Trust Deed;
- (b) to the Security Trustee under the Security Trust Deed;



- (c) to the Paying Agents under the Agency Agreement;
- (d) to the Custodian under the Custody Agreement;
- (e) to the independent accountants, agents and counsel of the Issuer for fees and expenses (including amounts payable in connection with the preparation of tax forms on behalf of the Issuer and any registered office fees);
- (f) to any other person in respect of any governmental fee, charge or tax;
- (g) to the Dealers in respect of any amounts payable under the Programme Agreement;
- (h) to the Rating Agencies in respect of fees and expenses in connection with the ratings of the Issuer and its securities;
- (i) to the London Stock Exchange in respect of the admission to trading of the Issuer's securities;
- (j) to the Administrator under the Management Services Agreement;
- (k) in the case of Guaranteed Notes, to the Guarantor under the Loan Guarantee and the Note Guarantee; and
- (l) to any other person in respect of any other fees or expenses (including indemnities) permitted under the Note Trust Deed;

**Liabilities** has the meaning given to that term in the Note Trust Deed;

**Loan** means a loan (including, without limitation, a Note Funded Loan) made by the Issuer to a Borrower which has been or is to be funded by the Issuer through any indebtedness from time to time incurred by the Issuer and for the time being outstanding which is expressed to rank *pari passu* with the Notes and (to the extent that any such loan has been prepaid (in whole or in part) prior to its maturity date) each other loan to a Borrower which the Issuer has made as a replacement therefor;

**Loan Agreement** means an agreement made between, *inter alios*, the Issuer and a Borrower documenting the terms of a Loan (including, without limitation, a Note Funded Loan Agreement);

**Loan Guarantee** means, in respect of Guaranteed Notes, the guarantee dated 25 February 2025 issued by the Guarantor in respect of the payment obligations of one or more Relevant Borrowers to the Issuer under their respective Loan Agreements;

**Management Services Agreement** means:

- (a) where the Issuer is specified as THFC Sustainable Finance Plc in the applicable Pricing Supplement, the Amended and Restated Corporate Services Agreement dated 25 February 2025 between the Issuer and T.H.F.C. (Services) Limited or any successor or replacement agreement; and
- (b) where the Issuer is specified as T.H.F.C. Sustainable Finance (No.2) Plc in the applicable Pricing Supplement, the Corporate Services Agreement dated 25 February 2025 between the Issuer and T.H.F.C. (Services) Limited or any successor or replacement agreement.

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

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

**Note Guarantee Claim** has the meaning given to that term in the Security Trust Deed entered into by THFC Sustainable Finance Plc;

**Note Trust Deed** means the Amended and Restated Note Trust Deed dated 25 February 2025 made between, *inter alios*, the Issuer and the Note Trustee (as modified and/or supplemented and/or restated from time to time);

**Note Trustee** means The Law Debenture Trust Corporation p.l.c. as note trustee under the Note Trust Deed for the Noteholders in respect of each Series of Notes or any successor note trustee appointed thereunder;

**Noteholder Entrenched Right** means the right to vote on any proposal:

- (a) to change any date fixed for payment of principal, interest or other amounts in respect of the Notes or the Coupons, to reduce the amount of principal or interest payable on any date in respect of the Notes or the Coupons, to alter the method of calculating the amount of any payment in respect of the Notes or the Coupons or the date for any such payment;
- (b) to effect any exchange of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations of the Issuer, the Guarantor or any other person or to approve the substitution of any person for the Issuer as principal obligor under the Notes and the Coupons or the substitution of any person for Guarantor as guarantor under the Note Guarantee;
- (c) to change the currency of payments under the Notes or the Coupons;
- (d) to modify any provision of the Note Guarantee or the Note Guarantee Security Assignment in a way which, in the opinion of the Note Trustee, is materially prejudicial to the interests of the Noteholders, the Couponholders and/or the Note Trustee (in its capacity as beneficiary of the Note Guarantee and the Note Guarantee Security Assignment);
- (e) to approve the substitution of any person for the Guarantor (or any previous substitute) as guarantor of the Notes and the Coupons (other than as permitted by the Note Guarantee);
- (f) to change the quorum required at any meeting of the Noteholders or the majority required to pass an Extraordinary Resolution;
- (g) to release the security granted by the Issuer pursuant to these Conditions and the Security Trust Deed;
- (h) to amend the definition of "Guarantor Trigger Event" or the use thereof in these Conditions or the Note Trust Deed;

- (i) to approve any amendment which would result in a change or elimination of the rights of the Noteholders or Couponholders to receive any payment not contemplated by the original terms of the Notes (save as results from procedural and/or administrative changes which are not material and arise in the ordinary course of administration of the Notes); or
- (j) to amend this definition or the use thereof in these Conditions and the Note Trust Deed;

**Pre-Enforcement Priority of Payments** has the meaning given in Condition 6 (*Pre-Enforcement Priority of payments*);

**Programme Agreement** means the Amended and Restated Programme Agreement dated 25 February 2025 between, *inter alios*, the Issuer and the Dealers (as the same may be amended and/or supplemented and/or restated from time to time);

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

**Registered Provider** means a registered provider of social housing, registered social landlord or registered housing association whose activities are regulated by the Regulator of Social Housing (in England), the Welsh Assembly Government (in Wales), the Scottish Housing Regulator (in Scotland) or the Department for Communities (in Northern Ireland) or, in each case, any replacement or successor regulator thereto;

**Relevant Borrower** means a Registered Provider which borrows monies pursuant to a Note Funded Loan Agreement;

**Representative** has the meaning given to that term in the Security Trust Deed;

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

**Secured Debt** has the meaning given to that term in the Security Trust Deed;

**Secured Debt Event of Default** has the meaning given to that term in the Security Trust Deed;

**Secured Liabilities** has the meaning given to that term in the Security Trust Deed;

**Security Trust Deed** means:

- (a) where the Issuer is specified as THFC Sustainable Finance Plc in the applicable Pricing Supplement, the Amended and Restated Security Trust Deed dated 25 February 2025 made between the Issuer and the Security Trustee (as modified and/or supplemented and/or restated from time to time); and
- (b) where the Issuer is specified as T.H.F.C. Sustainable Finance (No.2) Plc in the applicable Pricing Supplement, the Security Trust Deed dated 25 February 2025 made between the Issuer and the Security Trustee (as modified and/or supplemented and/or restated from time to time);

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

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

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

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

In respect of Notes which are not Guaranteed Notes, references to the Guarantor, the Note Guarantee, the Note Guarantee Security Assignment, the Loan Guarantee, the Guaranteed Obligations and a Guarantor Trigger Event in these Terms and Conditions shall have no effect.

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

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

Definitive Notes are issued with Coupons attached.

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

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

In determining whether a particular person is entitled to a particular principal amount of Notes as aforesaid, the Note Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

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

so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Pricing Supplement.

### **3 Status of the Notes**

The Notes and any relative Coupons are direct, unconditional and secured obligations of the Issuer and rank *pari passu* without any preference or priority among themselves. The Notes are secured by the security set out in Condition 5 (*Security*) but rank subordinate in priority in point of payment to any claims of, *inter alios*, the Note Trustee and the Security Trustee against the Issuer as set out in the Pre-Enforcement Priority of Payments and the Enforcement Priority of Payments.

### **4 Guarantee**

This Condition 4 applies where the Issuer is specified as THFC Sustainable Finance plc in the applicable Pricing Supplement.

The payment of scheduled principal and interest in respect of the Notes has been unconditionally and irrevocably guaranteed by the Guarantor pursuant to the Note Guarantee and have the benefit of the Note Guarantee Security Assignment. Pursuant to the Note Guarantee Security Assignment, the Guarantor has assigned to the Note Trustee (for the benefit of the Noteholders) its right to make claims on, and receive any proceeds of claim from, HM Treasury pursuant to the Sovereign Infrastructure Guarantee dated 2 February 2023 (as amended and/or restated) between HM Treasury and the Guarantor.

In respect of principal, the Guaranteed Obligations include the Final Redemption Amount of the Notes payable on the Legal Maturity Date but do not include any Optional Redemption Amount(s) (if any) of the Notes which may be payable by the Issuer prior to the Legal Maturity Date.

### **5 Security**

#### **5.1 Security**

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

#### **5.2 Enforcement of Security**

The security granted by the Issuer under the Security Trust Deed as referred to in Condition 5.1 (*Security*) will become enforceable upon:

- (a) in respect of Notes issued by THFC Sustainable Finance Plc, payment of a Note Guarantee Claim or the occurrence of an Event of Default as provided in Condition 13 (*Events of Default and Enforcement*); and
- (b) in respect of Notes issued by T.H.F.C. Sustainable Finance (No.2) Plc, the occurrence of a Secured Debt Event of Default, including an Event of Default as provided in Condition 13 (*Events of Default and Enforcement*).

Following such security becoming enforceable the Note Trustee:

- (i) in the case of Guaranteed Notes:
  - (A) (prior to the Guarantor Trigger Event) may, in its discretion; and
  - (B) otherwise, shall:
    - (x) (prior to the Guarantor Trigger Event) if directed by the Guarantor; and
    - (y) (following Guarantor Trigger Event), if so requested in writing by holders of at least 20 per cent. in aggregate principal amount of the Notes of this Series then outstanding or by an Extraordinary Resolution of the Noteholders of this Series; and
- (ii) in the case of Notes other than Guaranteed Notes may, in its discretion, or shall, if so requested in writing by holders of at least 20 per cent. in aggregate principal amount of the Notes of this Series then outstanding or by an Extraordinary Resolution of the Noteholders of this Series,

in each case, subject to it being indemnified and/or secured and/or prefunded to its satisfaction, and without any liability as to the consequence of such action and without having regard to individual Noteholders or Couponholders, direct the Security Trustee to take action to enforce such security (including without limitation converting the floating charge into a fixed charge).

The Security Trustee may also be directed to enforce such security by:

- (a) the Note Trustee, upon being requested or directed in the manner referred to above in respect of another Series or Notes; or
- (b) in respect of Notes issued by T.H.F.C. Sustainable Finance (No.2) Plc, the Representative of any other holder or lender of Secured Debt.

Such enforcement will constitute an Event of Default in relation to the Notes of this Series pursuant to Condition 13.1(c) (*Events of Default*), but will not result in the acceleration of the Issuer's obligations under the Notes of this Series unless notice of such acceleration is given by the Note Trustee in accordance with Condition 13 (*Events of Default and Enforcement*).

### 5.3 Application of proceeds

The Security Trust Deed requires that all monies received by or on behalf of the Security Trustee following enforcement of the security created thereunder shall be applied as follows:

- (a) first, in payment of the fees, costs, charges, expenses, liabilities incurred by the Security Trustee, any appointee of the Security Trustee or any receiver in connection with the enforcement of security;
- (b) second, in payment, on a *pari passu* and *pro rata* basis, of the Secured Liabilities owing to each Beneficiary; and
- (c) third, in payment of the balance (if any) to the Issuer.

All payments to be made in respect of Secured Liabilities owing in connection with any Series of Notes pursuant to (b) above shall be made to the Note Trustee for application in accordance with the Enforcement Priority of Payments.

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

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

## **6 Pre-Enforcement Priority of payments**

Prior to the Notes having become due and repayable in full and the security in respect of the Notes being enforced as described in Condition 5.2 (*Enforcement of Security*) and subject as provided in the Note Trust Deed, on each Interest Payment Date up to, and including, the Expected Maturity Date (and, if the Notes are not redeemed in full on the Expected Maturity Date, each Interest Payment Date up to, and including, the Legal Maturity Date), the Issuer shall apply the Available Issuer Receipts in the order set out below (the **Pre-Enforcement Priority of Payments**):

- (a) to the payment of any accrued and unpaid taxes and statutory fees owing by the Issuer to any tax authority;
- (b) to the payment of any unpaid fees and expenses of the Note Trustee and the Security Trustee (including, but not limited to, all amounts payable to the Note Trustee under the Note Trust Deed and all amounts payable to the Security Trustee under the Security Trust Deed) (insofar as they relate to the Notes);
- (c) to the payment, on a *pari passu* and *pro rata* basis, of all amounts owing to the Paying Agents under the Agency Agreement and the Custodian under the Custody Agreement;
- (d) to the payment, on a *pari passu* and *pro rata* basis, of any other due but unpaid Issuer Expenses;

- (e) (in the case of payment on an Interest Payment Date) to the payment, on a *pari passu* and *pro rata* basis, of the interest due and payable on the Notes on such Interest Payment Date;
- (f) to the payment, on a *pari passu* and *pro rata* basis, of any principal due and payable on the Notes; and
- (g) to the payment of all amounts owing to the Guarantor under the Loan Guarantee and/or the Note Guarantee.

Any amounts received by the Issuer pursuant to the Loan Guarantee or by the Note Trustee pursuant to the Note Guarantee shall be paid by the Guarantor directly to the Principal Paying Agent for payment as follows:

- (i) (in the case of payment on an Interest Payment Date) to the payment, on a *pari passu* and *pro rata* basis, of the interest due and payable on the Guaranteed Notes on such Interest Payment Date; and
- (ii) to the payment, on a *pari passu* and *pro rata* basis, of any principal due and payable on the Guaranteed Notes.

## **7 Covenants**

So long as any of the Notes remains outstanding, the Issuer covenants that, unless the Note Trustee (or, in the case of Guaranteed Notes, prior to the Guarantor Trigger Event, the Guarantor) otherwise gives prior written consent, it will:

- (a) not engage in any activity other than:
  - (i) carry out the business of a company which has as its purpose raising finance and on-lending such finance to Registered Providers; and
  - (ii) perform any act incidental to or necessary in connection with (i) above;
- (b) not create or permit to subsist any other security over any of its assets other than the security granted by it in favour of the Security Trustee pursuant to the Security Trust Deed;
- (c) maintain up-to-date lists of Loans and (without prejudice to its listing obligations) make such lists, and the then current Core Terms, publicly available at all times;
- (d) not:
  - (i) make any Loan to any Registered Provider on terms less onerous to such Registered Provider or less beneficial to the Issuer than the then current Core Terms;
  - (ii) agree to any modification, abrogation, waiver or release in respect of the obligations of a Registered Provider under any Loan made to it if such modification, abrogation, waiver or release would have the effect of making the terms of such Loan less onerous to the Registered Provider or less beneficial to the Issuer than the then current Core Terms; or
  - (iii) modify the Core Terms,



except with the prior written consent of:

- (A) the Note Trustee who shall (subject as provided in the Note Trust Deed) be obliged to provide its consent in relation to a proposed modification of the Core Terms if each Rating Agency has confirmed that such modification to the Core Terms will not have an adverse effect on the then current rating of the Issuer assigned by it; and
  - (B) in the case of Guaranteed Notes, the Guarantor,
- (e) promptly and diligently enforce in all material respects the terms in each Loan Agreement equivalent to the Core Terms unless the Issuer shall have consented to any waiver or release of any specific default in connection therewith in circumstances where in the opinion of the Issuer the interests of the Noteholders will not be materially prejudiced thereby; and
- (f)
- (i) promptly and diligently enforce the terms in the Loan Guarantee and procure that all amounts received from the Guarantor thereunder are paid to the Principal Paying Agent for application in payment of the corresponding amount due on the Guaranteed Notes;
  - (ii) notwithstanding the generality of the foregoing, use all reasonable endeavours to procure payment of all amounts which it is entitled to claim from the Guarantor pursuant to the Loan Guarantee if any Borrower fails to make any payment due to the Issuer under its Loan Agreement in full on the due date thereof; and
  - (iii) promptly, and in any event within two Business Days, notify the Note Trustee if it has submitted a notice of demand to, or received a payment from, the Guarantor pursuant to the Loan Guarantee (together with details thereof).

## **8 Interest**

### **8.1 Fixed Rate Interest**

The applicable Pricing Supplement contains provisions applicable to the determination of interest and must be read in conjunction with this Condition 8.1 for full information on the manner in which interest is calculated on the Notes. In particular, the applicable Pricing Supplement will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Legal Maturity Date, the Expected Maturity Date, the Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date(s).

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

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

on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

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

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

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

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

**Day Count Fraction** means, in respect of the calculation of an amount of interest, in accordance with this Condition 8.1:

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

- (ii) in the next following Determination Period:
  - (A) the actual number of days from and including the Determination Date at the start of such Determination Period to but excluding the date on which interest falls due, divided by
  - (B) the actual number of days in such Determination Period multiplied by the number of Determination Dates that would occur in one calendar year;

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

## 8.2 **Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused or default is otherwise made in the payment thereof. Subject as follows, in such event, interest will continue to accrue as provided in the Note Trust Deed. In respect of any Guaranteed Notes, in the event that any payment is made after the due date thereof and has been satisfied by the Guarantor in accordance with the terms of the Note Guarantee, no further interest shall be deemed to have accrued or be payable in respect of the unpaid amount on such Guaranteed Notes during the period commencing on the original due date for payment of such late payment to the date on which payment is actually made by the Guarantor.

## 9 **Payments**

### 9.1 **Method of payment**

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

Payments will be subject in all cases to:

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

### 9.2 **Presentation of definitive Notes and Coupons**

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 9.1 (*Method of payment*) only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any

sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 12 (*Prescription*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 12 (*Prescription*) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

Upon the date on which any Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

A **Long Maturity Note** is in relation to any date, a Note (other than a Note which on issue had a Talon attached) on which the aggregate amount of interest remaining to be paid after that date (other than interest represented by Talons which have not been exchanged for further Coupons) is more than the principal amount of such Note.

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

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

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

### 9.4 **General provisions applicable to payments**

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

Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

## 9.5 **Payment Day**

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 12 (*Prescription*)) is a Business Day and, in the case of Notes in definitive form, a day on which commercial banks and foreign exchange markets settle payments and are open for general business in the relevant place of presentation.

## 9.6 **Interpretation of principal**

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

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

Notwithstanding this Condition 9.6, in respect of Guaranteed Notes, any reference to principal to be paid by the Guarantor pursuant to the Note Trustee shall refer only to the Final Redemption Amount of the Notes or (in respect of a redemption by the Issuer pursuant to Condition 10.2 (*Redemption at the option of the Issuer (Issuer Call)*)) at the request of the Guarantor in accordance with Clause 6.4 (*Pay-out and redemption*) of the Note Guarantee only) the Optional Redemption Amount of the Notes.

# 10 **Redemption and Purchase**

## 10.1 **Redemption at maturity**

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

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

The Issuer will give notice to the Noteholders in accordance with Condition 17 (*Notices*) at least 5 Business Days prior to each date of payment pursuant to this Condition 10.1 (*Redemption at maturity*) of the relevant amounts to be paid on such payment date.

## 10.2 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Pricing Supplement, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Pricing Supplement to the Noteholders in accordance with Condition 17 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a principal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of any such redemption pursuant to the occurrence of an event in respect of a Note Funded Loan Agreement or a Relevant Borrower, such redemption shall be in respect of Notes of a corresponding Series in an aggregate nominal amount equal to the nominal amount of the applicable Note Funded Loan to be repaid.

The Optional Redemption Amount will be:

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

- (d) (in the case of Guaranteed Notes) if the Issuer certifies to the Note Trustee that it is redeeming the Notes at the request of the Guarantor in accordance with Clause 6.4 (*Pay-out and redemption*) of the Note Guarantee, par,

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

For the purposes of this Condition:

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

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

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

### 10.3 **Partial redemption**

In the case of a partial redemption of Notes, the Notes to be redeemed (the **Redeemed Notes**) will:

- (a) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption; and
- (b) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 17 (*Notices*) not less than 15 days prior to the date fixed for redemption.

### 10.4 **Purchases**

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

## 10.5 Retained Notes

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

## 10.6 Cancellation

All Notes which are redeemed by the Issuer pursuant to Condition 10.2 (*Redemption at the option of the Issuer (Issuer Call)*) or purchased by the Issuer, the Guarantor, any Relevant Borrower under a Note Funded Loan, any holding company of the Issuer, the Guarantor or any such Relevant Borrower or Subsidiary of any such holding company or the Issuer, the Guarantor or any such Relevant Borrower and surrendered for cancellation pursuant to Condition 10.4 (*Purchases*) will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

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

## 11 Taxation

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will not be obliged to make any additional payments to Noteholders or Couponholders in respect of such withholding or deduction. Any such withholding or deduction will not constitute an Event of Default under Condition 13 (*Events of Default and Enforcement*).

As used herein **Tax Jurisdiction** means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons.



## 12 Prescription

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

As used herein, the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Note Trustee or the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 17 (*Notices*).

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 9.2 (*Presentation of definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 9.2 (*Presentation of definitive Notes and Coupons*).

## 13 Events of Default and Enforcement

### 13.1 Events of Default

The Note Trustee at its discretion may, and if so requested in writing by the holders of at least 20 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice in writing to the Issuer and the Guarantor that each Note is, and each Note shall thereupon immediately become, due and repayable at par together with accrued interest as provided in the Note Trust Deed (and the security shall thereupon become enforceable as referred to in Condition 5.2 (*Enforcement of Security*)) if (subject as follows in the case of Guaranteed Notes) any of the following events (each an **Event of Default**) occurs and is continuing:

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

or is deemed unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986 (excluding, for this purpose, in the case of any Guaranteed Notes, any debts which have the benefit of a guarantee from the Guarantor);

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

In the case of Guaranteed Notes, no Event of Default shall be deemed to have occurred unless a Guarantor Trigger Event has also occurred.

### 13.2 **Enforcement**

The Note Trustee may at any time, at its discretion and without notice, take such actions, steps or proceedings against the Issuer as it may think fit to enforce the provisions of the Note Trust Deed, the Notes and the Coupons, or otherwise to direct the Security Trustee to take such proceedings and/or other steps or actions against or in relation to the Issuer as it may think fit to enforce the provisions of the Security Trust Deed, but it shall not be bound to take any such actions, steps or proceedings or any other action in relation to the Note Trust Deed, the Notes or the Coupons or to direct the Security Trustee as aforesaid unless:

- (a) in the case of any Guaranteed Notes:
  - (i) prior to the occurrence of a Guarantor Trigger Event, it has been directed in writing by the Guarantor; and
  - (ii) following the occurrence of a Guarantor Trigger Event, it shall have been so directed by an Extraordinary Resolution or so requested in writing by the

holders of at least 20 per cent. in principal amount of the Notes then outstanding; and

- (b) in the case of any Notes which are not Guaranteed Notes, it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least 20 per cent. in principal amount of the Notes then outstanding,

and, in each case, it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer to enforce its rights in respect of the Notes or to enforce all or any of the security constituted by the Security Trust Deed or against the Guarantor to enforce its rights in respect of the Note Guarantee or the Note Guarantee Security Assignment, unless the Note Trustee, having become bound so to proceed:

- (i) fails so to do within a reasonable period; or
- (ii) is unable for any reason so to do, and the failure or inability shall be continuing.

#### **14 Replacement of Notes, Coupons and Talons**

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

#### **15 Agents**

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

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

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

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

## **16 Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 12 (*Prescription*).

## **17 Notices**

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

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

## **18 Meetings of Noteholders, modification, waiver, authorisation and determination**

### **18.1 Controlling Rights of the Guarantor prior to a Guarantor Trigger Event**

In relation to any matter other than a Noteholder Entrenched Right, provided that no Guarantor Trigger Event has occurred, the Guarantor shall have the right to direct the Note Trustee in writing in respect of all matters relating to these Conditions and the Note Trust Deed; provided that the Note Trustee shall not be bound by any such direction unless it is first indemnified and/or secured and/or pre-funded to its satisfaction in respect of any Liabilities which, in its opinion, it may incur in acting in accordance with such direction.

### **18.2 Meetings of Noteholders**

The Note Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Note Trust Deed. Such a meeting may be convened by the Issuer or the Note Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in principal amount of the Notes for the time being remaining outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Notes whatever the principal amount of the Notes so held or represented. The Note Trust Deed does not contain any provisions requiring higher quorums in any circumstances.

The Note Trust Deed provides that:

- (a) a resolution passed at a meeting duly convened and held in accordance with the Note Trust Deed by a majority consisting of not less than 75 per cent. of the votes cast on such resolution;
- (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding; or
- (c) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Note Trustee) by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders.

An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution, and on all Couponholders.

The Note Trust Deed contains provisions allowing for modification of Condition 5 (*Security*) and Condition 7 (*Covenants*) in respect of all Series of Notes issued by the Issuer to be sanctioned by a meeting of the holders of all such Series of Notes (provided that the relevant Condition(s) (or parts thereof) subject to modification are the same for all such Series of Notes prior to such modification and shall be modified in the same manner in respect of all such Series of Notes). For the purposes of any such modification in respect of all such Series of Notes, the same provisions (including in relation to quorum) as for meetings of the Noteholders of one Series of Notes shall apply, save that all references to **Notes** shall be construed as references to "all Series of Notes issued by the Issuer" and all references to **Noteholders** or **holders of Notes** shall be construed as references to the "holders of all Series of Notes issued by the Issuer".

### 18.3 **Modification, waiver, authorisation and determination**

In the case of Guaranteed Notes, prior to the occurrence of a Guarantor Trigger Event, the Note Trustee shall (without the consent of, and without incurring any liability to the Noteholders or the Couponholders), if so directed in writing by the Guarantor, agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Note Trust Deed; provided that:

- (a) the subject matter is not a Noteholder Entrenched Right; and
- (b) such modification does not, in the sole opinion of the Note Trustee, impose upon the Note Trustee more onerous obligations or liabilities the repayment of which are not, within a reasonable time, in its opinion assured to it.

In respect of any matter which is a Noteholder Entrenched Right, the Note Trustee shall act as directed pursuant to an Extraordinary Resolution of the Noteholders, subject (prior to the occurrence of a Guarantor Trigger Event) to the written approval of the Guarantor.

In the case of (x) Notes which are not Guaranteed Notes and (y) Guaranteed Notes following the occurrence of a Guarantor Trigger Event, the Note Trustee may:

- (i) without the consent of the Noteholders or Couponholders (but, if a rating has been assigned in respect of the Notes, subject to confirmation from each Rating Agency that its then current rating of the Notes would not be adversely affected, and provided that the subject matter is not a Noteholder Entrenched Right), agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes, the Note Trust Deed or the Security Trust Deed, or determine that any Event of Default or potential Event of Default shall not be treated as such or direct the Security Trustee to any modification of, or to waive or authorise any breach or proposed breach by the Issuer or any of the covenants or provisions contained in the Security Trust Deed, where, in any such case, it is not, in the opinion of the Note Trustee, materially prejudicial to the interests of the Noteholders so to do; or
- (ii) agree, without any such consent or confirmation as aforesaid, to any modification which in its opinion is of a formal, minor or technical nature or to correct a manifest error or an error which is proven to the satisfaction of the Note Trustee.

In addition, the Note Trustee shall be obliged (subject as provided in the Note Trust Deed) to consent to modifications to the Core Terms in the circumstances specified in Condition 7(d) (*Covenants*). Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 17 (*Notices*) as soon as practicable thereafter.

#### **18.4 Note Trustee to have regard to interests of Noteholders as a Class**

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

#### **19 Indemnification of the Note Trustee and the Security Trustee and the Note Trustee and the Security Trustee contracting with the Issuer, the Guarantor and the Borrowers**

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

The Note Trust Deed and the Security Trust Deed also contain provisions pursuant to which the Note Trustee and the Security Trustee are entitled, *inter alia*:

- (a) to enter into business transactions with the Issuer, the Guarantor, the Borrowers and their respective subsidiaries or associated companies, or any of them, and to act as

trustee for the holders of any other securities issued or guaranteed by, or relating to, any of them;

- (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders; and
- (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

## **20 Further Issues**

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

Where THFC Sustainable Finance Plc is specified as the Issuer in the applicable Pricing Supplement, no Notes may be issued unless they have the benefit of the Note Guarantee and the Note Guarantee Security Assignment.

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

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

## **22 Governing law and submission to jurisdiction**

### **22.1 Governing law**

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

### **22.2 Submission to jurisdiction**

- (a) Subject to Condition 22.2(c) (*Submission to jurisdiction*), the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Note Trust Deed, the Security Trust Deed, the Note Guarantee, the Note Guarantee Security Assignment, the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Note Trust Deed, the Security Trust Deed, the Note Guarantee, the Note Guarantee Security Assignment, the Notes and/or the Coupons (each a **Dispute**) and accordingly each of the Issuer, the Guarantor, the Note Trustee, the Security Trustee and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

- (b) For the purposes of this Condition 22.2 (*Submission to jurisdiction*), the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Note Trustee, the Security Trustee, the Noteholders, the Receiptholders and the Couponholders may, in respect of any Dispute or Disputes, take:
  - (i) proceedings in any other court with jurisdiction; and
  - (ii) concurrent proceedings in any number of jurisdictions.

### 22.3 **Other documents**

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



## Use of Proceeds and Sustainable Bond Framework

The net proceeds from each issue of Notes (excluding the Retained Notes (if any)) will be advanced by the relevant Issuer to one or more Relevant Borrowers on the terms set out under "*Description of the Borrowers*" and "*Description of the Loan Agreements and the Core Terms*" below, subject to there being no event under the relevant Note Funded Loan Agreement pursuant to which the advance would not be made.

In respect of Notes to be issued by TSF1 (being Guaranteed Notes) the net proceeds from each issue of Notes will be advanced by TSF1 pursuant to Guaranteed Loans to be applied by the Relevant Borrowers for "Eligible Costs" being development and construction costs associated with retrofit work.

In respect of Notes to be issued by TSF2 the net proceeds from each issue of Notes will be advanced by TSF2 pursuant to Unguaranteed Loans to be applied by the Relevant Borrowers for the purposes described in "*Description of the Loan Agreements and Core Terms*" below.

In the event that a Relevant Borrower's drawdown date under the relevant Note Funded Loan Agreement is later than the issue date of the relevant Tranche of Notes, the net proceeds will, until advanced, be:

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

The net proceeds of the sale of Retained Notes to a third party will be advanced by the relevant Issuer (with the exception of a sum equivalent to the relevant number of days' accrued interest, which will be retained by the Issuer) to the one or more Relevant Borrowers, for the purposes and on the terms set out under "*Description of the Borrowers*" and "*Description of the Loan Agreements and the Core Terms*" below, subject to there being no event under the relevant Note Funded Loan Agreement pursuant to which the advance would not be made. In the event that a Relevant Borrower's drawdown date under the relevant Note Funded Loan Agreement is later than the date of the sale of Retained Notes to a third party, the net proceeds will, until advanced, be:

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

## Sustainable Bond Framework

The THFC Group has also established its sustainable bond framework (the **Sustainable Bond Framework**). Under the Sustainable Bond Framework, TSF2 may issue Sustainability Notes to finance and/or refinance, in whole or in part, sustainable housing projects falling within the categories set out in the Sustainable Bond Framework or other activities carried out in support of those projects and the relevant Borrower's sustainable purpose (**Sustainability Notes**). All Guaranteed Notes (as defined below) will be issued as "Sustainability Notes".

The THFC Group may, in the future, update the Sustainable Bond Framework. The Sustainable Bond Framework is available on the Issuers' website. For the avoidance of doubt, the Sustainable Bond Framework and the second party opinion(s) referred to in the applicable Pricing Supplement are not, nor shall they be deemed to be, incorporated in and/or form part of this Programme Memorandum.

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

Neither the Arrangers nor the Dealers or any of their respective affiliates shall be responsible for the contents of the Sustainable Bond Framework or any related frameworks and no investor in any Sustainability Notes will have any recourse to the Arrangers, the Dealers or any of their respective affiliates therewith. No assurance or representation is given by the Issuer, the Arrangers, the Dealers or any other person as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Notes. For the avoidance of doubt, any such opinion or certification is not, nor shall it be deemed to be, incorporated in and/or form part of this Programme Memorandum. Any such opinion or certification is not, nor should it be deemed to be, a recommendation by the Issuer, the Guarantor, the Arrangers, the Dealers or any other person to buy, sell or hold any such Notes. The Noteholders have no recourse against the Issuer, the Guarantor, either Arranger, any Dealer or the provider of any such opinion or certification for the contents of any such opinion or certification. Any such opinion or certification is only current as at the date that opinion was initially issued and the providers of such opinions and certifications are under no obligation to update them following their issue. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in any Notes. Currently, the providers of such opinions and certifications are not subject to any specific or regulatory or other regime or oversight.

No assurance is given by the Issuer, the Guarantor, the Arrangers, the Dealers or any other person that the use of the proceeds of issue of any Notes will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates. None of the Guarantor, the Note Trustee, the Arrangers and the Dealers will have any responsibility for monitoring the application of any such proceeds.

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

## Description of the Issuers

### Incorporation and Status

THFC Sustainable Finance Plc (**TSF1**) is a public limited company incorporated in England with registered number 13650359 on 29 September 2021 under the Companies Act 2006.

T.H.F.C. Sustainable Finance (No.2) Plc (**TSF2**) is a public limited company incorporated in England with registered number 15899886 on 15 August 2024 under the Companies Act 2006.

The registered address of each Issuer is 3rd Floor, 17 St. Swithin's Lane, London EC4N 8AL and its telephone number is (+44) (0)20 7337 9920. Neither Issuer has any subsidiaries.

### Principal activities of the Issuers

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

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

### Share capital and organisational structure of each Issuer

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

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

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

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

### Directors

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

#### Directors of the Issuer

<b>Name</b>	<b>Principal Activities outside the Issuer</b>
Priyanka Nair	Chief Executive, THFC Management of Special Purpose Companies

<b>Name</b>	<b>Principal Activities outside the Issuer</b>
Arun Poobalasingam	Head of Relationship Management and Business Development, THFC Management of Special Purpose Companies
Benjamin Rick	Chief Finance Officer, THFC Management of Special Purpose Companies

The business address of each director is 3rd Floor, 17 St. Swithin's Lane, London EC4N 8AL.

The secretary of each Issuer is Katherine Shallcross whose business address is 3rd Floor, 17 St. Swithin's Lane, London EC4N 8AL.

With the exception of the above, neither Issuer has any employees or non-executive directors. The executive team of the Issuer (each of whom is employed by the Administrator) consists of Priyanka Nair, Chief Executive, who joined THFC in April 2024; Arun Poobalasingam, Chief Partnerships Officer, who joined THFC in August 2021; and Benjamin Rick, Chief Finance Officer, who joined THFC in October 2024.

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

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

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

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

### **Management Services Agreement**

Pursuant to:

- (A) an Amended and Restated Management Services Agreement dated 25 February 2025 between TSF1 and the Administrator; and
- (B) a Management Services Agreement dated 25 February 2025 between TSF2 and the Administrator,

(each a **Management Services Agreement**), the Administrator has agreed to perform various financing and ancillary services set out therein.

These services include:

- (a) arranging financing and other services on behalf of the relevant Issuer, including:
  - (i) in respect of the Loans, undertaking marketing to potential Borrowers and sourcing lending opportunities, undertaking credit due diligence on potential Borrowers, negotiating the commercial terms of the Loans, reviewing and approving Loan

documentation in respect of the entry by the relevant Issuer into new Loans, record-keeping in respect of the Loans, monitoring the performance of the Borrowers' obligations in respect of the Loans and taking such action as the relevant Issuer and the Administrator consider appropriate in the event that payments due under the Loans are not received on the due date;

- (ii) in respect of any security granted by the Borrowers in favour of the relevant Issuer, checking for initial suitability of the relevant housing stock, assisting the relevant Issuer in reviewing and approving security documentation, managing substitution requests from Borrowers, reviewing security (including reviewing any valuations received from Borrowers), reporting to the relevant Issuer on security and facilitating approvals and consents by the issuer in respect of the above as required; and
  - (iii) monitoring the financing and liquidity requirements of the relevant Issuer and assisting the relevant Issuer with the management of its assets and liabilities, including making recommendations to the board of directors of the relevant Issuer and carrying out any administrative functions as may be required in respect of any issuance, redemption or purchase or exchange of Notes; and
- (b) providing various corporate administration services, including:
- (i) administrative services relating the establishment of the Programme, the monitoring and administration of the relevant Issuer's accounts, the preparation of various notices and reports and record-keeping;
  - (ii) financial services relating to the maintenance of accounting records and the preparation of financial statements and corporate tax returns; and
  - (iii) additional services necessary to enable the relevant Issuer to comply with its obligations under the Programme Documents (other than the relevant Management Services Agreement).

In performing its duties under each Management Services Agreement, the Administrator has covenanted, *inter alia*:

- (a) to devote such time and effort and provide such facilities and make available such staff of such skill and experience as may be required from time to time to enable it to perform its duties under such Management Services Agreement efficiently and in a proper and business-like manner;
- (b) at all times, to act in accordance with all reasonable and proper directions, orders and instructions given to it by the relevant Issuer; and
- (c) not to do or omit to do anything which would constitute a breach by the relevant Issuer of any provision of the Secured Debt (including, without limitation, the Notes), the Programme Documents (other than such Management Services Agreement), its articles of association or of any other legally binding restrictions applicable to the Issuer,

together, in each case, the **Required Standard of Care**.

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

**Auditors**

Each Issuer has appointed CLA Evelyn Partners Limited of 45 Gresham Street, London EC2V 7BG as its auditors. CLA Evelyn Partners Limited are chartered accountants and registered auditors and are members of the Institute of Chartered Accountants in England and Wales.

**Operations**

On 24 March 2023, TSF1 established the Programme. This is its only operations to date.

Since the date of its incorporation, TSF2 has not yet commenced operations and it has no material assets or liabilities, and therefore no audited financial statements have been prepared as at the date of this Programme Memorandum.

## Description of the Guarantor

National Wealth Fund Limited (the **Guarantor**) is a private limited company incorporated in England with registered number 06816271 on 11 February 2009 under the Companies Act 2006.

The registered address of the Guarantor is 2 Whitehall Quay, Leeds, United Kingdom LS1 4HR.

The Guarantor is a UK Government-owned policy bank. Previously known as UK Infrastructure Bank Limited, it was designed to increase infrastructure investment across the United Kingdom. Its mission was to partner with the private sector and local government to increase infrastructure investment in pursuit of two strategic objectives:

- (a) to help tackle climate change, particularly meeting the UK Government's net zero emissions target by 2050; and
- (b) the support regional and local economic growth through better connectedness, opportunities for new jobs and higher levels of productivity.

As the National Wealth Fund, the current UK Government expanded its remit beyond infrastructure in support of the UK Government's industrial strategy, but continues to make private sector investments against a clear set of principles, with a focus on crowding in private finance to sectors and technologies which are critical to the UK's clean energy and growth ambitions.

The Guarantor's website is at <https://www.nationalwealthfund.org.uk>. Its relationship with HM Treasury (its sole shareholder) is set out in its Framework Document, which is available at:

[https://assets.publishing.service.gov.uk/media/656dfdb00f12ef07a53e01d4/UK\\_Infrastructure\\_Bank\\_Framework\\_Document.pdf](https://assets.publishing.service.gov.uk/media/656dfdb00f12ef07a53e01d4/UK_Infrastructure_Bank_Framework_Document.pdf).

The information on the Guarantor's website and its Framework Document do not form part of this Programme Memorandum unless (in the case of any information on the Guarantor's website) that information is incorporated into this Programme Memorandum.

## Description of the Borrowers

### Borrowers

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

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

### Regulation of housing associations

#### *England*

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

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

The economic regulation objective is:

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

The consumer regulation objective is:

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



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

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

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

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

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

The Social Housing Act 2023 removed the "serious detriment" test (therefore lowering the threshold at which the Regulator of Social Housing can use its statutory powers to enforce the consumer standards), and provides the Regulator of Social Housing with an ability to issue codes of practice relating to the consumer standards. Routine inspections of larger landlords are also proposed, together with more reactive inspections where issues of concern are raised.

The Regulator of Social Housing has enforcement powers including powers to require information, to make appointments to a private registered provider's board, to issue enforcement notices and penalties, to require payment of compensation to tenants and to outsource management functions as well as to conduct inquiries. The Social Housing Act 2023 contains various mechanisms to strengthen the enforcement powers of the Regulator of Social Housing, including the removal of the financial cap on fines, and an ability to require performance improvement plans from registered providers of social housing. The Regulator of Social Housing also has statutory powers in relation to moratorium under the 2008 Act in the event of the insolvency of a registered provider of social housing. Under the Insolvency of Registered Providers of Social Housing Regulations 2018, it has the power to ask the court to appoint a housing administrator under the special administration provisions incorporated within the Housing and Planning Act 2016 (see "*Risk Factors – Factors which may affect the Borrowers' ability to fulfil their obligations under the Loan Agreements*" for a discussion of housing administration and the 2008 Act moratorium more generally).

As the Regulator of Social Housing takes a risk-based proportionate approach it regulates registered providers of social housing differently depending upon its judgement as to their level of risk exposure. In particular, registered providers of social housing that own fewer than a thousand social housing units

are subject to a different and lighter level of regulatory engagement than larger registered providers of social housing.

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

### ***Wales, Scotland and Northern Ireland***

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

#### ***Wales***

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

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

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

The Welsh Ministers have consulted upon deregulatory measures similar to those which are currently in force for England and the Regulation of Social Landlords (Wales) Act 2018 was enacted on 13 June 2018 in order to help Welsh RSLs be reclassified to the private sector for ONS purposes. The operative provisions of the Act in relation to the deregulation regime came into force on 15 August 2018. Under the Act, transitional provisions removed the requirement for Welsh RSLs to show net disposal proceeds separately in their accounts with effect from 15 August 2021.

#### ***Scotland***

Scottish RSLs are regulated by the Scottish Housing Regulator which was created pursuant to the Housing (Scotland) Act 2010 as independent regulator directly accountable to the Scottish Parliament. Its powers include the maintenance of a register of Scottish RSLs, setting standards of performance, financial management and governance. Its regulatory framework includes six regulatory standards and detailed supporting guidance. The Scottish Ministers have a duty to establish standards and outcomes which Scottish RSLs should aim to achieve and to publish these in the Charter. Each Scottish RSL is responsible for meeting these outcomes and standards set out in the Charter. The Scottish Housing

Regulator is responsible for monitoring and reporting on this performance against these outcomes and standards. It will name any Scottish RSL it considers to have failed to achieve the outcomes and standards or which it considers to be at risk of doing so. It has the power to set performance improvement targets for individual Scottish RSLs or categories of Scottish RSL.

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

### ***Northern Ireland***

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

## Description of the Guarantees

*The following description of the Note Guarantee, the Loan Guarantee, the related Security Assignments and the Sovereign Infrastructure Guarantee consists of a summary of certain provisions of the Note Guarantee, the Loan Guarantee, the related Security Assignments and the Sovereign Infrastructure Guarantee and is qualified by reference to the detailed provisions thereof. The Note Guarantee, the Loan Guarantee, the related Security Assignments and the Sovereign Infrastructure Guarantee are not, however, incorporated by reference into, and therefore do not form part of, this Programme Memorandum.*

*Definitions used in this section but not otherwise defined in this Programme Memorandum have the meanings given to them in the Note Guarantee, the Loan Guarantee, the related Security Assignments and the Sovereign Infrastructure Guarantee.*

### Note Guarantee

The Guarantor has on 25 February 2025 entered into a Note Guarantee with TSF1 and the Note Trustee in respect of Notes issued for the purpose of funding Eligible Retrofit Loans (the **Note Guarantee**).

The Note Guarantee provides for the guarantee of scheduled principal and scheduled interest in respect of the Guaranteed Notes in an aggregate principal amount of up to £150,000,000 (being the **Maximum Guaranteed Note Principal Amount**) or such lesser amount equal to the aggregate principal amount of Guaranteed Notes issued on the Completion Date.

The Note Guarantee shall be effective from the **Effective Date**, being the date on which confirmation of the satisfaction of all conditions precedent in respect of the Note Guarantee, the Loan Guarantee and the Guaranteed Loan Agreements (as defined below) are confirmed pursuant to the CP Satisfaction Agreement. Pursuant to the CP Satisfaction Agreement, immediately following the Effective Date, TSF1 is required to notify the Note Trustee and each Dealer that the Effective Date has occurred by way of a Guarantee CP Satisfaction Notification in the form set out therein. No Guaranteed Notes shall be issued by TSF1 unless and until a Guarantee CP Satisfaction Notification has been so delivered.

### Guaranteed Amounts

Pursuant to the Note Guarantee, the Guarantor has unconditionally and irrevocably agreed:

- (a) to pay to the Note Trustee, for the benefit of the holders of the Guaranteed Notes, any Guaranteed Amounts which are Due for Payment by TSF1 but which are unpaid by reason of Non-payment, as if the Guarantor was the principal obligor in respect of such Guaranteed Notes; and
- (b) with the Note Trustee, for itself and for the benefit of the holders of the Guaranteed Notes, that if any payment (a **guaranteed payment**) guaranteed by the Guarantor under paragraph (a) above is or becomes unenforceable, invalid or illegal for any reason, it will, as an independent and primary obligation, indemnify the Note Trustee, for itself and for the benefit of the holders of the Guaranteed Notes, on demand against any cost, loss or liability the Note Trustee or such holders incur as a result of TSF1 not paying such guaranteed payment which would, but for such unenforceability, invalidity or illegality, have been payable by it under the Note Documents on the date when it would have been due. The amount payable by the Guarantor under this indemnity will not exceed the amount it would have had to pay if the amount claimed had been recoverable on the basis of paragraph (a) above.

### ***Avoided Payment Amounts***

In the event that the Note Trustee has notice that any payments of Guaranteed Amounts which have become Due for Payment and which have been made to the Note Trustee or to any holder of the Guaranteed Notes by or on behalf of TSF1 have been declared (in whole or in part) a preference and are required to be repaid by the Note Trustee or such holder pursuant to any insolvency law in accordance with a final non-appealable order of a court of competent jurisdiction, the Note Trustee on behalf of the relevant holder shall be entitled to payment from the Guarantor, upon receipt by the Guarantor from that Note Trustee of a duly completed Notice of Demand, to the extent of such recovery (such amounts, the **Avoided Payment Amounts**).

### ***Sovereign Infrastructure Guarantee***

The Sovereign Infrastructure Guarantee allows the Note Trustee (provided the Guarantor has delivered an inclusion notice thereunder to the Counter-Guarantor relating to this Deed, and any other relevant conditions set out in the Sovereign Infrastructure Guarantee have been complied with) to submit claims directly on the Counter-Guarantor where a valid Notice of Demand has been submitted to the Guarantor under the Note Guarantee but has not been paid in full by the Guarantor on the relevant date. Delivery of such inclusion notice will be confirmed by means of the Guarantee CP Satisfaction Notification.

The Note Guarantee Security Assignment (provided a notice of assignment in the form set out in the Sovereign Infrastructure Guarantee has been delivered by the Guarantor to the Counter-Guarantor, and any other relevant conditions set out in the Note Guarantee Security Assignment have been complied with) requires the Counter-Guarantor to make payments directly to the Note Trustee (including in the circumstances set out above) within the timeframe and subject to the conditions prescribed by the Sovereign Infrastructure Guarantee.

The Sovereign Infrastructure Guarantee allows for a Covered Demand (as defined in the Sovereign Infrastructure Guarantee) to take the form of a Deemed Covered Demand (as defined in the Sovereign Infrastructure Guarantee) meaning that in the circumstances set out in the definition of "Deemed Covered Demand" a claim or demand that would otherwise have been made by the Note Trustee on the Guarantor under this Guarantee may be delivered instead directly to HM Treasury.

### ***Time for payment***

Save in respect of Avoided Payment Amounts, the Guarantor shall make payments which are due under the Note Guarantee to the account of the Principal Paying Agent (or such other account as may be specified by the Note Trustee) (the **Account**) by 4.00pm on or prior to the date falling five Business Days after receipt by the Guarantor of a duly completed Notice of Demand, provided that:

- (a) the Note Trustee may only submit a Notice of Demand if:
  - (i) as of the date of the Notice of Demand a Non-payment has occurred and is continuing and all or any part of the Guaranteed Amounts remain outstanding and unpaid by TSF1;
  - (ii) such Notice of Demand is submitted within 365 days of the relevant Non-payment occurring (or such other period as the Guarantor may agree in writing);
  - (iii) to the best of its knowledge, no Notice of Demand (under and as defined in the Loan Guarantee) has been submitted to the Guarantor by TSF1 in respect of a Non-payment (under and as defined in the Loan Guarantee) corresponding to the Non-payment referred to in paragraph (a)(i) above; and

- (iv) to the best of its knowledge (having made enquiries with TSF1, the Guarantor and the Principal Paying Agent) no payment has been made by the Guarantor (and received into the Account) pursuant to the Loan Guarantee in respect of a non-payment (under and as defined in the Loan Guarantee) corresponding to or otherwise as a result of the Non-payment referred to in paragraph (a)(i) above; and
- (b) to the extent that the Note Trustee becomes aware that amounts are actually received in respect of the relevant Guaranteed Obligations prior to payment having been made by the Guarantor from a source other than the Guarantor, the Note Trustee shall provide written notice to the Guarantor that any such Notice of Demand delivered to the Guarantor in respect of such amounts is revoked.

The Guarantor shall make payments in respect of Avoided Payment Amounts to the Account by 4.00pm on or prior to the date falling five Business Days after receipt by the Guarantor of a duly completed Notice of Demand, provided that the Note Trustee may only submit a Notice of Demand if:

- (a) such Notice of Demand is submitted within 365 days of the relevant declaration being made;
- (b) to the best of its knowledge, no Notice of Demand (under and as defined in the Loan Guarantee) has been submitted to the Guarantor by TSF1 in respect of an Avoided Payment Amount (under and as defined in the Loan Guarantee) corresponding to or otherwise as a result of such Avoided Payment Amount; and
- (c) to the best of its knowledge (having made enquiries with TSF1, the Guarantor and the Principal Paying Agent) no payment been made by the Guarantor (and received into the Account) pursuant to the Loan Guarantee, in respect of an avoided payment amount (under and as defined in the Note Guarantee) corresponding to or otherwise as a result of such Avoided Payment Amount.

It is a condition of the Sovereign Infrastructure Guarantee that a copy of any claim made by the Note Trustee on the Guarantor under the Note Guarantee must be delivered on the same day to the Counter-Guarantor in accordance with the notice provisions set out in the Sovereign Infrastructure Guarantee). Pursuant to the Sovereign Infrastructure Guarantee, the Note Trustee is responsible for delivering such notice to the Counter-Guarantor.

#### ***Receipt under the Loan Guarantee***

Upon receipt by the Principal Paying Agent of any payment that has been made by the Guarantor pursuant to the terms of the Loan Guarantee, the Guaranteed Amounts payable under the Note Guarantee shall be automatically reduced by an amount equal to the payment that has been made pursuant to the Loan Guarantee (with any payment that has been made pursuant to the Loan Guarantee in relation to Scheduled Principal under (and as defined in) the Loan Guarantee being applied to reduce the Scheduled Principal under the Note Guarantee and any payment that has been made pursuant to the Loan Guarantee in relation to Scheduled Interest under (and as defined in) the Loan Guarantee being applied to reduce the Scheduled Interest under the Note Guarantee).

#### ***Gross up***

All payments by the Guarantor under the Note Guarantee are required to be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political subdivision or taxing authority therein or thereof, unless the withholding or deduction is required by law. In that event, the Guarantor is required to pay such additional amounts as may be necessary in order that the net amounts received by the Note Trustee for the benefit of the holders of

the Guaranteed Notes after the withholding or deduction shall equal the respective net amounts which would have been receivable by it under the Guaranteed Notes as trustee (after any applicable withholdings or deductions, but for the avoidance of including any applicable gross-up amounts) from TSF1 had TSF1 satisfied its obligations thereunder in respect of the Guaranteed Amounts with respect to the applicable Due Date.

### ***Pay-out and redemption***

At any time where:

- (a) any Non-payment has occurred and is continuing;
- (b) a Notice of Demand has been delivered to the Guarantor; or
- (c) the Guarantor has made any payment pursuant to the Note Guarantee in relation to any Guaranteed Notes (and provided that, in each case, amounts remain outstanding under the Guaranteed Notes),

the Guarantor may on giving at least three Business Days' prior written notice to the Note Trustee and TSF1 (such notice, the **Pay-out Notice**) require TSF1 to redeem all or any part of the Guaranteed Notes in accordance with the terms of the Note Documents at par, for a redemption price in cash payable at the time of redemption in an amount equal to the aggregate of:

- (i) the outstanding principal amount of the outstanding Guaranteed Notes (or part if applicable); and
- (ii) all (or part of if applicable) accrued interest (and excluding any default interest and other amounts payable in relation to the Note Documents), less
- (iii) the aggregate amounts received by the Note Trustee pursuant to the Note Guarantee in respect of such outstanding Guaranteed Notes (with the redemption price being funded by the Guarantor and paid to the Account on behalf of TSF1).

Any Pay-out Notice delivered by the Guarantor shall be irrevocable. Any redemption pursuant this provision is required to be effected as soon as reasonably practicable in accordance with the terms of the Note Documents.

### ***Immediate recourse***

The Guarantor has waived any right it may have of first requiring the Note Trustee or any holder of a Guaranteed Note to proceed against or to enforce any other rights or security against or to claim payment from any person before the Note Trustee may claim from the Guarantor under the Note Guarantee.

### ***Waiver of defences***

The obligations of the Guarantor under the Note Guarantee shall not in any way be affected by any act, omission, matter or thing which, would reduce, release or prejudice any of its obligations under the Note Guarantee (whether or not known to it or the Note Trustee or any holder of a Guaranteed Note) including:

- (a) any lack of validity, enforceability or legality of, or any amendment to, any of the Guaranteed Obligations or the Guaranteed Notes;

- (b) the granting of any time, consent, waiver or other indulgence or concession by any person to TSF1 (with the prior written consent of the Guarantor where required under the Note Guarantee);
- (c) any insolvency or similar proceedings in respect of TSF1 or any other person;
- (d) the existence of any claim, set-off or other right which TSF1 or the Guarantor may have at any time against the Note Trustee or any other person;
- (e) any incapacity, lack of power, authority or legal personality of or dissolution or change in the members or status of TSF1 or any other person;
- (f) any amendment, release, novation, supplement, extension, restatement or replacement of the Guaranteed Notes however fundamental and of whatsoever nature (with the prior written consent of the Guarantor where required under the Note Guarantee);
- (g) the refusal or failure to take up, hold, perfect or enforce by any person any rights under or in connection with any guarantee, indemnity, security or other document (including any failure to comply with any formality or other requirement or any failure to realise the full value of any security); or
- (h) any other act, omission, event, matter or circumstance which would have discharged or affected the liability of the Guarantor had it been the principal debtor under the Guaranteed Notes, or anything done or omitted by any person which, but for this provision, might exonerate or discharge the Guarantor or otherwise reduce or extinguish its liability under the Note Guarantee (but in each case excluding any act or omission in breach of any obligation to the Guarantor (including any requirement to obtain the Guarantor's consent)).

### ***Changes to the Guarantor***

The rights and obligations of the Guarantor under the Note Guarantee may not be assigned, novated or otherwise transferred (whether by virtue of any legislation or any scheme pursuant to any legislation or otherwise) to any person other than to any public body (being a single entity) acquiring the whole of the rights and the obligations of the Guarantor under the Note Guarantee and having the legal capacity, power and authority to become a party to and to perform the obligations of the Guarantor under the Note Guarantee, being:

- (a) a Minister of the Crown (within the meaning of the Ministers of the Crown Act 1975);
- (b) a governmental body or department which has:
  - (i) sufficient financial standing or financial resources to perform the obligations of the Guarantor under the Note Guarantee; or
  - (ii) a credit rating from the credit rating agency (if any) then rating the Guaranteed Amounts at least equal to the then current rating of the Guarantor; or
- (c) any other public body whose obligations under the Note Guarantee are unconditionally and irrevocably guaranteed (in a form reasonably acceptable to the Note Trustee) by the Guarantor or a Minister of the Crown having the legal capacity, power and authority to perform the obligations of the Guarantor under this Deed,

(such entity, the **Incoming Guarantor**), provided that:



- (i) the Sovereign Infrastructure Guarantee (or a replacement on materially the same terms) provides the same support to the assigned, novated or transferred (or replacement) deed as it does under it prior to such assignment, novation or transfer (or replacement); and
- (ii) the Note Guarantee Security Assignment (or a replacement on materially the same terms) continues to provide effective security to the Note Trustee (and a new notice of assignment is delivered thereunder to the Counter-Guarantor),

and if the Note Guarantee Security Assignment is replaced, the Note Trustee shall upon request by the Guarantor execute a deed of release of the original Note Guarantee Security Assignment (and give a corresponding notice of release to the Counter-Guarantor).

### **Definitions**

**Counter-Guarantor** means:

- (a) HM Treasury; or
- (b) following any assignment, novation or transfer (or replacement) pursuant to, and as contemplated by, the Sovereign Infrastructure Guarantee, any Incoming Counter-Guarantor (as defined in the Sovereign Infrastructure Guarantee);

**CP Satisfaction Agreement** means the agreement substantially in the form set out in Schedule 3 (*CP Satisfaction Agreement*) to the Note Guarantee, the final terms of which have been approved by the Guarantor;

**Due Date** means, in respect of any Guaranteed Amount, the date upon which such Guaranteed Amount falls due for payment pursuant to the applicable Guaranteed Notes. For the avoidance of doubt, **Due Date** does not refer to any earlier date upon which payment of any Guaranteed Amounts may become due by reason of prepayment (whether mandatory or optional), acceleration of maturity or otherwise;

**Due for Payment** means, in respect of any Guaranteed Amount, that the Due Date for such Guaranteed Amount has been reached. For the avoidance of doubt, **Due for Payment** does not refer to any earlier date upon which payment of any Guaranteed Amounts may become due under the Guaranteed Obligations by reason of prepayment (whether mandatory or optional), acceleration of maturity or otherwise;

**Final Release Date** means the date on which all the payment obligations (whether actual or contingent) of TSF1 under the Guaranteed Notes are irrevocably and unconditionally satisfied in full;

**Guaranteed Amounts** means the sum of (without double counting) the following:

- (a) Scheduled Interest; and
- (b) Scheduled Principal;

**Guaranteed Obligations** means the payment obligations of TSF1 in respect of the Guaranteed Amounts owing by TSF1 and outstanding under the Guaranteed Notes from the Effective Date to the Final Release Date;

**Non-payment** means, in relation to any Due Date, the failure of TSF1 to have paid to the Note Trustee or to the holders of the Guaranteed Notes any Guaranteed Amounts which are due on such Due Date (or which would have been due on such Due Date but for such Guaranteed Amounts having become

due prior to such Due Date by reason of prepayment or early redemption (whether mandatory or optional), acceleration of maturity or otherwise);

**Note Documents** means the Note Trust Deed, this Programme Memorandum, the Programme Agreement, the Agency Agreement, the Custody Agreement and the Security Trust Deed;

**Notice of Demand** means a notice of demand in writing, in the form set out in Schedule 2 (*Form of Notice of Demand*) to the Note Guarantee (or in such other form as the Guarantor and the Note Trustee may agree from time to time) and duly executed by the Note Trustee;

**Scheduled Interest** means interest payable by TSF1 to the holders of the Guaranteed Notes or to the Note Trustee for the benefit of such holders under the Guaranteed Notes as specified and calculated in accordance with the terms of the Guaranteed Notes (as may be adjusted in accordance with its terms and the terms of this Deed, but disregarding any default interest, any indemnity payments, any make whole or any prepayment or early redemption penalties or fees) together with any gross-up amounts payable TSF1 to such holders or to the Note Trustee for the benefit of such holders in accordance with the terms of the Note Documents; and

**Scheduled Principal** means principal payable by TSF to the holders of the Guaranteed Notes or to the Note Trustee for the benefit of such holders (up to an aggregate amount equal to the Maximum Guaranteed Note Principal Amount) under the Guaranteed Notes as specified therein (as may be adjusted in accordance with its terms and the terms of the Note Guarantee, but disregarding any default interest, capitalised interest, any indemnity payments, any make whole or any prepayment or early redemption penalties or fees) together with any gross-up amounts payable by TSF1 to such holders or to the Note Trustee for the benefit of such holders in accordance with the Note Documents.

### **Loan Guarantee**

The Guarantor has on 25 February 2025 entered into a Loan Guarantee with TSF1 and the Note Trustee in respect of Eligible Retrofit Loans (the **Loan Guarantee**).

The Loan Guarantee provides for the guarantee of scheduled principal and scheduled interest in respect of the Guaranteed Loans in an aggregate principal amount of up to £150,000,000.

TSF1 shall ensure that all Loans to be entered into by it with the issue proceeds of Guaranteed Notes will be advanced to Borrowers under Guaranteed Loans.

The Loan Guarantee shall be effective from the Effective Date (as described above).

### **Payments**

Pursuant to the Loan Guarantee:

- (a) all payments by the Guarantor due under the Loan Guarantee (other than Avoided Payment Amounts (as defined in the Loan Guarantee)) shall be made by the Guarantor by credit to the account of the Principal Paying Agent; and
- (b) all payments by the Guarantor due under this Deed in respect of Avoided Payment Amounts (as defined in the Loan Guarantee) shall be made by the Guarantor by credit to the account of TSF1,

and payment in full to the relevant account shall discharge the obligations of the Guarantor under the Loan Guarantee to the extent of such payment, whether or not such payment is properly applied by or on behalf of TSF1, the Principal Paying Agent and/or the Note Trustee (as applicable).

## **Step-in**

At any time where:

- (a) any Non-payment has occurred and is continuing;
- (b) a Notice of Demand has been delivered to the Guarantor; or
- (c) the Guarantor has made any payment pursuant to this Deed in relation to a Guaranteed Loan,

the Guarantor may in accordance with the terms of the Loan Guarantee on giving at least 5 Business Days' prior written notice to TSF1 and copied to the Note Trustee (such notice, the **Loan Pay-out Notice**) require TSF1 to (and, to the extent permitted by law, TSF1 shall):

- (i) assign all or any part of its rights or transfer all or any part of its rights and obligations under a Guaranteed Loan Agreement in respect of such Guaranteed Loan to the Guarantor (or its nominee), at par, for a purchase price in cash payable at the time of transfer to the Note Trustee (on behalf of the Beneficiary) (the **Pay-out Amount**) in an amount equal to the aggregate of:
  - (A) the outstanding principal amount of TSF1's participation in the outstanding loans (or part if applicable); and
  - (B) all (or part of if applicable) accrued interest (and excluding any default interest and other amounts payable in relation to the Guaranteed Loan documentation),

less the aggregate amounts received by TSF1 pursuant to the Loan Guarantee in respect of such outstanding Guaranteed Loan; and

- (ii) exercise its rights of early redemption in respect of an equivalent amount of the Tranche B Notes at par pursuant to Condition 10.2 (*Redemption at the option of the Issuer (Issuer Call)*) subject to receipt of the Pay-out Amount by the Note Trustee (on behalf of TSF1).

## **Security Assignments**

### **Assignment of Sovereign Infrastructure Guarantee rights**

The Guarantor has on 25 February 2025 entered into:

- (a) a security assignment with the Note Trustee as trustee in respect of the Notes to be issued by TSF1 (the **Note Guarantee Security Assignment**); and
- (b) a security assignment with TSF1 (the **Loan Guarantee Security Assignment** and, together with the Note Guarantee Security Assignment, the **Security Assignments**).

Pursuant to each Security Assignment, the Guarantor has assigned, and agreed to assign absolutely to the Note Trustee or TSF1, as applicable, the Assigned Rights as security for the payment or discharge of all Secured Obligations.

For this purpose:

**Assigned Rights** means the Guarantor's present and future right:

- (a) to make claims on HM Treasury pursuant to the Sovereign Infrastructure Guarantee; and

- (b) to receive any proceeds of any claim made on HM Treasury pursuant to the Sovereign Infrastructure Guarantee,

if and to the extent such rights relate to the Note Guarantee or the Loan Guarantee, respectively, together with any of the Guarantor's present and future rights, title, benefit, claims, proceeds and interest in and to the Sovereign Infrastructure Guarantee which are ancillary to such rights or are otherwise necessary to give effect to the assignment of such rights by the Guarantor to the Note Trustee or TSF1, respectively; and

**Secured Obligations** means all obligations at any time due, owing or incurred by the Guarantor to the Note Trustee (for the benefit of the holders of the Guaranteed Notes) or TSF1, respectively, under the Note Guarantee or the Loan Guarantee, respectively, or relevant Security Assignment, whether present or future, actual or contingent (and whether incurred as principal or surety or in some other capacity).

### ***Enforcement***

Each Security Assignment shall be enforceable upon and for so long as any amount is due but unpaid by the Guarantor under the Note Guarantee or the Loan Guarantee, respectively, provided that if at the time that:

- (a) such an amount would have become due by the Guarantor under the Note Guarantee or the Loan Guarantee; or
- (b) a demand would have been made by Note Trustee or TSF1, as applicable, under the the Note Guarantee or the Loan Guarantee,

the Guarantor has been dissolved, struck off or otherwise ceased to exist.

### ***Representations***

Pursuant to each Security Assignment, the Guarantor has given various representations as to itself and the Sovereign Infrastructure Guarantee.

### ***Undertakings***

Pursuant to each Security Assignment, the Guarantor has undertaken, *inter alia*:

- (a) not to create or permit to subsist any Security over the Assigned Rights except for the Security Assignment;
- (b) not to enter into a single transaction or series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, transfer or otherwise dispose of any of the Assigned Rights except for the Security Assignment;
- (c) to comply in all material respects with its obligations under the Sovereign Infrastructure Guarantee to the extent such obligations relate to the Assigned Rights, in the manner and at the times provided for in the Sovereign Infrastructure Guarantee;
- (d) to promptly give notice of the Security Assignment to HM Treasury;
- (e) in respect of any matter under the Sovereign Infrastructure Guarantee which relates to the Assigned Rights that, pursuant to the terms of the Sovereign Infrastructure Guarantee, falls to be decided by mutual agreement of the parties thereto, not to negotiate or agree such matter except in accordance with the instructions of the Note Trustee or TSF1, as applicable, unless the negotiation of, or the agreement in respect of such matter is not, or would not be reasonably

likely to be, material or prejudicial to the interests of the TSF1 Beneficiaries, respectively, under the relevant Guarantee or Security Assignment; and

- (f) to deliver to the Note Trustee or TSF1, as applicable, all material notices received or given by it in connection with the Sovereign Infrastructure Guarantee which relates to the Assigned Rights as soon as practicable upon receipt or dispatch thereof.

### ***Governing law***

Each Security Assignment and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

### **Sovereign Infrastructure Guarantee**

HM Treasury and the Guarantor entered into a Sovereign Infrastructure Guarantee dated 2 February 2023 (as amended on 20 September 2023).

The Guarantor has, in relation to the Note Guarantee and the Loan Guarantee, delivered Inclusion Notices (as defined in and pursuant to the Sovereign Infrastructure Guarantee) to HM Treasury. The Note Guarantee and the Loan Guarantee each therefore constitute Covered Guarantees for the purpose of the Sovereign Infrastructure Guarantee.

As a consequence, pursuant to the Sovereign Infrastructure Guarantee, the Guarantor (or, in certain circumstances, the Note Trustee or TSF1, as applicable) may make a claim on HM Treasury for payment of a sum in an amount equal to that demanded by the Note Trustee or TSF1 under the Note Guarantee or the Loan Guarantee, respectively, to the extent payable by the Guarantor thereunder.

The Sovereign Infrastructure Guarantee and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

## Description of the Loan Agreements and the Core Terms

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

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

### Description of the Guaranteed Loan Agreements

Each loan agreement entered into by TSF1 with a Borrower (including, without limitation, a Relevant Borrower) will provide for a loan to be made available by TSF1 to such Borrower, which will be funded by Notes issued by TSF1 (such Notes being Guaranteed Notes) (each a **Guaranteed Loan Agreement** and a **Guaranteed Loan**, respectively).

Each Guaranteed Loan Agreement will include the terms described below or such other terms as TSF1 may agree from time to time in respect of a Guaranteed Loan Agreement, provided that (a) such other terms will not adversely affect the then current rating of TSF1 and (b) the Guarantor has given its written consent to the same.

#### **Purpose**

Each Guaranteed Loan may only be used by the relevant Borrower for "Eligible Costs" being development and construction costs associated with retrofit works.

Each Guaranteed Loan shall be spent on "Eligible Costs" by the "Eligible Costs Longstop Date", which is the date which is 5 years after the drawdown of such Guaranteed Loan (or such later date as TSF1 may agree acting reasonably).

#### **Loans**

Subject to the provisions of each Guaranteed Loan Agreement, TSF1 shall commit to make a loan to a Borrower which may be drawn by the Borrower in one or more advances. The Borrower can also request a Forward Fix Advance which is an advance with a drawdown date at the end of a deferral period but the amount is agreed in advance on the Forward Fix Pricing Date.

#### **Prepayment if Borrower ceases to be a Registered Provider**

Under a Guaranteed Loan Agreement, if a Borrower ceases to be a Registered Provider it must notify TSF1 and then prepay the whole of the outstanding balance of its Guaranteed Loans, together with any interest and any prepayment premium payable under the terms of the relevant Guaranteed Loan Agreement, within 180 days. However, if such Borrower regains its status as a Registered Provider within that period of 180 days, the Borrower shall no longer be required to prepay the Guaranteed Loans. In addition, if a Borrower ceases to be a Registered Provider and does not regain its status prior to drawdown of a Forward Fix Advance for which a drawdown notice has been submitted, TSF1 will be released from its obligation to fund the Forward Fix Advance under the Guaranteed Loan Agreement and the Borrower will be required to pay the Make Whole Payment to TSF1.

#### **Prepayment if Borrower fails to comply with requirements relating to Eligible Costs in relation to a Guaranteed Loan**

If the proceeds of a Guaranteed Loan are used for a purpose other than the Eligible Costs, the Borrower must notify TSF1; TSF1 shall not be obliged to fund the relevant Guaranteed Loan; and the Borrower

shall be required to repay the amount of the Guaranteed Loans used for a purpose other than the Guaranteed Loan Eligible Costs or remedy such breach to the satisfaction of TSF1. If the Borrower fails to prepay such amount, such failure will not result in an automatic non-payment event of default but a margin ratchet set at a minimum of 50 basis points will apply until the breach is remedied.

If any proceeds of a Guaranteed Loan are not spent on Eligible Costs by the Eligible Costs Longstop Date, the Borrower shall be required to prepay the amount of the Guaranteed Loan which has not been spent on Eligible Costs or remedy such breach to the satisfaction of TSF1. If the Borrower fails to prepay such amount, such failure will not result in an automatic non-payment event of default but a margin ratchet set at a minimum of 50 basis points will apply from the Eligible Costs Longstop Date until such date as the prepayment is made or the breach is remedied.

#### ***Prepayment if Loan Guarantee no longer applies***

If a Guaranteed Loan ceases to be covered by the Loan Guarantee (other than due to failure by the Borrower to comply with the provision relating to Eligible Costs), TSF1 (acting on the instructions of the Guarantor) shall notify the Borrower, TSF1 shall not be obliged to fund the relevant Guaranteed Loan and the Borrower may be required by TSF1 (acting on the instructions of the Guarantor) to repay the relevant Guaranteed Loan, together with interest.

#### ***Application of Guaranteed Loan receipts***

The Loan Guarantee requires TSF1 to apply all amounts received from a Borrower pursuant to a Guaranteed Loan in payment of the corresponding amounts due under the relevant Guaranteed Notes.

#### ***Guaranteed Loan Events of Default***

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

- (a) non-payment under the Finance Documents (as defined in the relevant Guaranteed Loan Agreement);
- (b) breach of other obligations under the Finance Documents (as defined in the relevant Guaranteed Loan Agreement);
- (c) cross-default and cross-acceleration;
- (d) winding up or dissolution of the relevant Borrower, save for a Permitted Reorganisation (as defined in the relevant Guaranteed Loan Agreement) or other reorganisation with the consent of TSF1;
- (e) cessation of business of the relevant Borrower, save for a Permitted Reorganisation (as defined in the relevant Guaranteed Loan Agreement) or other reorganisation with the consent of TSF1;
- (f) failure or inability to pay debts;
- (g) insolvency;
- (h) the relevant Borrower initiates or consents to insolvency proceedings;
- (i) the relevant Borrower makes an arrangement with creditors;
- (j) it becomes unlawful for the relevant Borrower to perform any of its obligations under the Finance Documents (as defined in the relevant Guaranteed Loan Agreement); and

(k) breach of requirements relating to Guaranteed Loan Eligible Costs.

### ***Obligation to notify TSF1***

Each Borrower shall notify TSF1 of any Event of Default (and the steps, if any, being taken to remedy it) or potential Event of Default in respect of the Guaranteed Loan Agreement to which it is a party promptly upon becoming aware of the same.

### ***Governing Law***

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

### **Description of the Unguaranteed Loan Agreements**

Each loan agreement entered into by TSF2 with a Borrower (including, without limitation, a Relevant Borrower) will provide for a loan to be made available by TSF2 to such Borrower, which will be funded by the issue of Notes (or the sale of Retained Notes) or any other indebtedness from time to time incurred by TSF2 and for the time being outstanding which is expressed to rank *pari passu* with the Notes issued by TSF2 (each an **Unguaranteed Loan Agreement** and a **Unguaranteed Loan**, respectively).

Each Unguaranteed Loan Agreement will include the terms described below or such other terms as TSF2 may agree from time to time in respect of a Unguaranteed Loan Agreement, provided that such other terms will not adversely affect the then current rating of TSF2.

### ***Purpose***

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

### ***Loans***

Subject to the provisions of each Unguaranteed Loan Agreement, TSF2 shall commit to make a loan to a Borrower which may be drawn by the Borrower in one or more advances. The Borrower can also request a Forward Fix Advance which is an advance with a drawdown date at the end of a deferral period but the amount is agreed in advance on the Forward Fix Pricing Date.

### ***Prepayment if Borrower ceases to be a Registered Provider***

Under the Unguaranteed Loan Agreement, if a Borrower ceases to be a Registered Provider, it must notify TSF2 and then prepay the whole of the outstanding balance of its Loans, together with any interest and any prepayment premium payable under the terms of the relevant Loan Agreement, within 180 days. However, if such Borrower regains its status as a Registered Provider within that period of 180 days, the Borrower shall no longer be required to prepay the Unguaranteed Loans. In addition, if a Borrower ceases to be a Registered Provider and does not regain its status prior to drawdown of a Forward Fix Advance for which a drawdown notice has been submitted, the TSF2 will be released from its obligation to fund the Forward Fix Advance under the Unguaranteed Loan Agreement and the Borrower will be required to pay the Make Whole Payment to TSF2.



### ***Initial Security***

The proceeds of each Unguaranteed Loan will be initially deposited in the Cash Security Account of TFS2 and will be released to the relevant Borrower upon sufficient fixed charge security over social housing property being granted in favour of Housing Finance Trustee Limited (a private company incorporated under the laws of England and Wales with registered number 11939585 whose registered office is at 3rd Floor, 17 St. Swithin's Lane, London EC4N 8AL) acting as security trustee for the Issuers (the **Security Trustee**), subject to compliance with the Asset Cover Test.

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

If the Unguaranteed Loan is a Forward Fix Advance, the Borrower will have 6 months to provide fixed charge security over social housing property to satisfy the Asset Cover Test without taking into account any Cash Security assuming 25 per cent. of the Forward Fix Advance has been made on the Forward Fix Pricing Date (being the date the amount of the Loan is agreed).

### ***Release and Substitution***

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

### ***Cash Security***

Each Borrower may deposit the proceeds of disposal of the relevant Charged Properties which are released from charge into the Cash Security Account for the purpose of maintaining compliance with the Asset Cover Test. The Cash Security may be withdrawn from the Cash Security Account:

- (a) to be applied by a Borrower in the acquisition of a Substitute Property; or
- (b) to the extent that such withdrawal would not cause a breach of the Asset Cover Test.

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

### ***Statutory Disposals***

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

### ***Full Valuations***

Each Borrower shall deliver a Valuation Report to TFS2 at least once in every period of five calendar years.

### ***Desk Top Valuations***

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

### ***Unguaranteed Loan Events of Default***

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

- (a) non-payment under the Finance Documents (as defined in the relevant Unguaranteed Loan Agreement);
- (b) breach of other obligations under the Finance Documents (as defined in the relevant Unguaranteed Loan Agreement);
- (c) cross-default and cross-acceleration;
- (d) winding up or dissolution of the relevant Borrower, save for a Permitted Reorganisation (as defined in the relevant Unguaranteed Loan Agreement) or other reorganisation with the consent of TSF2;
- (e) cessation of business of the relevant Borrower, save for a Permitted Reorganisation (as defined in the relevant Unguaranteed Loan Agreement) or other reorganisation with the consent of TSF2;
- (f) failure or inability to pay debts;
- (g) insolvency;
- (h) the relevant Borrower initiates or consents to insolvency proceedings;
- (i) the relevant Borrower makes an arrangement with creditors;
- (j) it becomes unlawful for the relevant Borrower to perform any of its obligations under the Finance Documents (as defined in the relevant Unguaranteed Loan Agreement);
- (k) breach of the Asset Cover Test; and
- (l) breach of requirements relating to Guaranteed Loan Eligible Costs.

### ***Obligation to notify TSF2***

Each Borrower shall notify TSF2 of any Event of Default (and the steps, if any, being taken to remedy it) or potential Event of Default in respect of the Unguaranteed Loan Agreement, to which it is a party, promptly upon becoming aware of the same.

### ***Governing Law***

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

### ***Description of the Core Terms***

This section contains a summary of the existing core terms which are set out in the Note Trust Deed and which may be amended from time to time in accordance with Condition 7(d) (*Covenants*) (the **Core Terms**).

TSF2 is required by the Note Trust Deed to impose the Core Terms on all Borrowers who borrow monies from them pursuant to an Unguaranteed Loan Agreement. TSF1 is required by the Note Trust Deed to impose the Core Terms other than the Asset Cover Test on all Borrowers who borrow monies from them pursuant to a Guaranteed Loan Agreement.

Full details of the Core Terms are contained in the Note Trust Deed as amended, modified and/or restated from time to time (which is available for inspection, see "*General Information – Documents*").

Available"). The Core Terms may be further supplemented or amended from time to time. Any amendment may only be made with the consent of (i) the Note Trustee and the Note Trustee shall, subject as provided in the Note Trust Deed, be obliged to consent to such amendment if each Rating Agency has confirmed that such amendment will not adversely affect the then current rating of the relevant Issuer and (ii) in the case of Guaranteed Loans, the Guarantor.

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

**Borrower Status:** each Borrower under a Loan Agreement must be a registered provider of social housing, registered social landlord, registered housing association or registered social housing provider whose activities are regulated by the Regulator of Social Housing (in England), the Welsh Assembly Government (in Wales), the Scottish Housing Regulator (in Scotland) or the Department for Communities (in Northern Ireland) or any replacement or successor regulator thereto.

**Asset Cover Test:** each Borrower shall ensure that at all times the sum of:

- (a) the Minimum Value of the Charged Properties forming part of the Fixed Charge Security; and
- (b) the Cash Security,

will not be less than the aggregate principal amount of the Unguaranteed Loan.

Any monies received following enforcement of Fixed Charge Security granted by a Borrower in respect of a Loan Agreement shall be applied:

- (i) first, in payment of all amounts owing to TSF2 in respect of the Unguaranteed Loan; and
- (ii) thereafter, in payment of all amounts owing by that Borrower to TSF1 in respect of any Guaranteed Loan to which it is a party.

**Liquidity Reserve Fund:** each Borrower shall be required to establish a Liquidity Reserve Fund, which shall be constituted as a trust not revocable at the instance of such Borrower. Each Borrower shall at all times ensure that the amount of the Liquidity Reserve Fund shall be not less than an amount equal to twelve months Interest Payments in respect of its Loan.

**Interpretation**

For these purposes:

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

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

**Fixed Charge Security** means any fixed charge(s) (in form and content reasonably satisfactory to TSF2) in favour of the Issuer(s) over real property and/or the Cash Security Account approved by TSF2 and designated as security for the Loan(s);

**Minimum Value** means:

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

where:

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

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

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

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

**Valuation Report** means, in relation to the Charged Properties, a valuation of those properties addressed to the Issuer(s) provided by a Valuer containing such information as is relevant to the portfolio of Charged Properties and showing the value of the properties on the basis of EUV-SH and/or MV-ST (to the extent applicable) or, where agreed between TSF2 and the Borrower, a letter from the relevant Valuer confirming that there have been no material changes in respect of a previous Valuation Report given by such Valuer in respect of such properties;

**Value** means, at any time and in relation to the Charged Properties, the value of those properties as shown in the then latest Valuation Report or Desk Top Valuation on the basis of EUV-SH or, as the case may be, MV-ST (provided that if any Charged Property or part thereof is sold, 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); and

**Valuer** means an independent professional valuer or reputable firm of surveyors which is a member of RICS as may be appointed by a Borrower and approved by TSF2 from time to time.

## Description of the Security Trust Deeds

Each Issuer has entered into a Security Trust Deed. The holder of each Series of Notes issued by an Issuer shall be a Beneficiary under the Security Trust Deed entered into by such Issuer.

### **TSF1 Security Trust Deed**

#### ***Security***

Pursuant to Clause 4.1 (*Floating charge*) of the TSF1 Security Trust Deed, TSF1 has, with full title guarantee and as continuing security for the Secured Liabilities, charged by way of floating charge in favour of the Security Trustee (for itself and on behalf of the Beneficiaries (which includes the Noteholders in respect of the Notes issued by it and the Guarantor)) the whole of its undertaking, property and assets, whatsoever and wherever situated, present and future.

#### ***Enforcement of Security***

The security granted by TSF1 under its Security Trust Deed will become enforceable upon:

- (a) the payment by or on behalf of the Guarantor of a Note Guarantee Claim; or
- (b) the occurrence of an Event of Default under any Series of Notes issued by TSF1.

Upon the Floating Charge becoming enforceable, the Security Trustee:

- (i) following the occurrence of a Guarantor Trigger Event, may in its discretion; or
- (ii) shall if directed in accordance with Clause 8 (*Proceedings, Action and Indemnification*) of the relevant Security Trust Deed,

enforce the Floating Charge by notice to TSF1, whereupon the Floating Charge shall be converted into a fixed charge.

The Security Trustee shall only be required to take action (including, without limitation, the enforcement of a Floating Charge, the institution of any proceedings, the exercise of all rights, discretions or powers and the granting of consents or releases) or, as the case may be, refrain from taking action under or pursuant to the relevant Security Trust Deed acting, on the written instructions of Instructing Party, being:

- (a) the Note Trustee (acting in accordance with the Note Trust Deed); or
- (b) upon confirmation in writing from the Note Trustee that all Notes issued by TSF1 have been redeemed in full, the Guarantor.

The Note Trustee:

- (i) prior to the occurrence of a Guarantor Trigger Event, shall act as directed by the Guarantor; and
- (ii) following a Guarantor Trigger Event, may, in its discretion, and if so requested in writing by holders of at least 20 per cent. in aggregate principal amount of the Notes of the relevant Series then outstanding or by an Extraordinary Resolution of the Noteholders of such Series shall,

in each case, subject to it being indemnified and/or secured and/or prefunded to its satisfaction, direct the Security Trustee to take action to enforce the Floating Charge granted by TSF1.

The Security Trustee may refrain from taking action under the Security Trust Deed unless indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

### ***Application of Proceeds***

All monies received by the Security Trustee pursuant to the TSF1 Security Trust Deed shall be applied as follows:

- (a) first, in payment of the fees, costs, charges, expenses, liabilities incurred by the Security Trustee, any appointee of the Security Trustee or any receiver in connection with the enforcement of security;
- (b) second, in payment, on a *pari passu* and *pro rata* basis, of the Secured Liabilities owing to each Beneficiary under the TSF1 Security Trust Deed; and
- (c) third, in payment of the balance (if any) to TSF1.

All payments to be made in respect of Secured Liabilities pursuant to (b) above shall be made to the Instructing Party for application in accordance with the Enforcement Priority of Payments.

### ***Definitions***

For these purposes:

**Beneficiaries** means the Note Trustee (for itself and on behalf of the Noteholders and Couponholders), the Guarantor, any Receiver or other Appointee of the Note Trustee, the Security Trustee, the Paying Agents and the Custodian;

**Note Documents** means the Note Trust Deed, the Agency Agreement and the Custody Agreement (in each case, insofar as they relate to TSF1), the Notes issued by TSF1 and the relative Coupons and the Note Guarantee;

**Note Guarantee Claim** means a Demand made pursuant to (and as defined in) the Note Guarantee; and

**Secured Liabilities** means all present and future monies, obligations, fees, expenses and other liabilities (whether actual or contingent and whether sole or joint) payable, owing, due or incurred by TSF1 to:

- (a) each Beneficiary in respect of its Notes or otherwise payable by TSF1 in respect of any Note Document; and
- (b) the Security Trustee pursuant to the relevant Security Trust Deed.

### ***Governing Law***

The TSF1 Security Trust Deed, and any non-contractual obligations or matters arising from or connected with it, is governed by, and shall be construed in accordance with, English law.

## **TSF2 Security Trust Deed**

### ***Security***

Pursuant to Clause 4.1 (*Floating charge*) of the TSF2 Security Trust Deed, TSF2 has, with full title guarantee and as continuing security for the Secured Liabilities, charged by way of floating charge in favour of the Security Trustee (for itself and on behalf of the Beneficiaries (which includes the Noteholders in respect of the Notes issued by it)) the whole of its undertaking, property and assets, whatsoever and wherever situated, present and future.

All Secured Debt (which includes the Notes issued by TSF2) shall rank *pari passu* under such security.

### ***Enforcement of Security***

The security granted by TSF2 under its Security Trust Deed will become enforceable upon the occurrence of a Secured Debt Event of Default (which includes an Event of Default under any Series of Notes issued by TSF2).

Upon the Floating Charge becoming enforceable, the Security Trustee may or (if directed in accordance with Clause 8 (*Proceedings, Action and Indemnification*) of the relevant Security Trust Deed) shall enforce the relevant Floating Charge by notice to TSF2, whereupon the relevant Floating Charge shall be converted into a fixed charge.

The Security Trustee shall only be required to take action (including, without limitation, the enforcement of a Floating Charge, the institution of any proceedings, the exercise of all rights, discretions or powers and the granting of consents or releases) or, as the case may be, refrain from taking action under or pursuant to the relevant Security Trust Deed acting, on the written instructions of any Representative (being, in respect of the Notes issued by TSF2, the Note Trustee).

In the event that the Security Trustee shall receive conflicting instructions from two or more Representatives, it shall seek instructions from all Representatives. Such instructions shall be requested prior to the relevant Instruction Deadline. To the extent that not all Representatives have responded by the Instruction Deadline and/or are in agreement as to such instructions, the Security Trustee shall act in accordance with the instructions of the Required Majority.

The Note Trustee may, in its discretion, and if so requested in writing by holders of at least 20 per cent. in aggregate principal amount of the Notes of the relevant Series then outstanding or by an Extraordinary Resolution of the Noteholders of such Series shall, subject to it being indemnified and/or secured and/or prefunded to its satisfaction, direct the Security Trustee, to take action to enforce the Floating Charge granted by TSF2.

Enforcement of the Floating Charge granted by TSF2 by the Representative of any other holder or lender of Secured Debt will constitute an Event of Default in relation to the Notes of each Series issued by TSF2 pursuant to Condition 13.1(c) (*Events of Default*) but will not result in the acceleration of TSF2's obligations under the Notes of any Series unless notice of such acceleration is given by the Note Trustee in respect of such Series in accordance with Condition 13 (*Events of Default and Enforcement*).

The Security Trustee may refrain from taking action under the Security Trust Deed unless indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

### **Application of Proceeds**

All monies received by the Security Trustee pursuant to a Security Trust Deed shall be applied as follows:

- (a) first, in payment of the fees, costs, charges, expenses, liabilities incurred by the Security Trustee, any appointee of the Security Trustee or any receiver in connection with the enforcement of security;
- (b) second, in payment, on a *pari passu* and *pro rata* basis, of the Secured Liabilities owing to each Beneficiary under that Security Trust Deed; and
- (c) third, in payment of the balance (if any) to TSF2.

All payments to be made in respect of Secured Liabilities owing in connection with any Series of Notes pursuant to (b) above shall be made to the Note Trustee for application in accordance with the Note Trust Deed.

### **Definitions**

For these purposes:

**Beneficiaries** means from time to time:

- (a) in respect of each Series of Notes issued by TSF2, the Note Trustee (for itself and on behalf of the Noteholders and Couponholders), any Receiver or other Appointee of the Note Trustee, the Security Trustee, the Paying Agents and the Custodian in respect of such Series; and
- (b) in respect of any other Secured Debt incurred by TSF2, the holders and/or lenders in respect of such Secured Debt, the relevant Representative and any other person to whom amounts are payable by TSF2 in connection with such Secured Debt;

**Instruction Deadline** means such date as the Security Trustee shall, acting reasonably, consider reasonable and appropriate in the relevant circumstances, provided, however, that any such deadline shall allow for sufficient time for the Note Trustee to seek directions from Noteholders in respect of Notes issued by TSF2 pursuant to and in accordance with the Note Trust Deed;

**Representative** means:

- (a) in respect of each Series of Notes issued by TSF2, the Note Trustee as note trustee in respect of that Series; and
- (b) in respect of any other Secured Debt incurred by TSF2, the holder and/or lender in respect of such Secured Debt or, where specified in the relevant Secured Debt Document, the representative or facility or other agent appointed as such therein;

**Required Majority** means:

- (a) subject to (b) and (c) below, the Representatives acting on behalf of Beneficiaries holding in excess of 50 per cent. in nominal amount of the Secured Debt then outstanding;
- (b) subject to (c) below, in respect of any instructions sought by the Security Trustee from the Representatives, the Representatives acting on behalf of Beneficiaries holding in excess of 50 per cent. in nominal amount of the Secured Debt in respect of which instructions were received by the Security Trustee prior to the Instruction Deadline; and



- (c) in respect of any consent or sanction sought by TSF2 or the Security Trustee from the Representatives in respect of any modification to the Security Trust Deed, the Representatives acting on behalf of Beneficiaries holding in excess of 75 per cent. in nominal amount of the Secured Debt which have responded to the same prior to the Instruction Deadline,

provided that, for these purposes, any Secured Debt held by or on behalf of TSF2, any Borrower, any holding company of TSF2 or a Borrower or any Subsidiary of any such holding company, TSF2 or a Borrower, in each case as beneficial owner shall be excluded;

**Secured Debt** means the Notes issued by TSF2 and any other indebtedness (whether under loan agreements or in the form of debt securities (including, without limitation, any privately placed notes issued pursuant to a note purchase agreement)) from time to time incurred by TSF2 and for the time being outstanding, which is expressed to rank *pari passu* with the Notes issued by TSF2;

**Secured Debt Document** means:

- (a) in respect of the Notes issued by TSF2, the Note Trust Deed, the Agency Agreement, the Custody Agreement, all Notes issued under the Note Trust Deed and the relative Coupons insofar as they relate to such Notes; and
- (b) any other instrument evidencing Secured Debt incurred by TSF2 including, without limitation, any note purchase agreement entered into by TSF2 and any purchaser in respect of privately placed notes;

**Secured Debt Event of Default** means:

- (a) in respect of the Notes issued by TSF2, an Event of Default pursuant to such Notes; and
- (b) in respect of any other Secured Debt incurred by TSF2, an event of default (howsoever described) under the relevant Secured Debt Document;

**Secured Liabilities** means all present and future monies, obligations, fees, expenses and other liabilities (whether actual or contingent and whether sole or joint) payable, owing, due or incurred by TSF2 to:

- (a) each Beneficiary in respect of its Secured Debt or otherwise payable by TSF2 in respect of any Secured Debt Document; and
- (b) the Security Trustee pursuant to the relevant Security Trust Deed.

### **Governing Law**

The TSF2 Security Trust Deed, and any non-contractual obligations or matters arising from or connected with it, is governed by, and shall be construed in accordance with, English law.

## Taxation

### UK Taxation

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

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

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

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

The Issuer understands that it is not clear whether, as a matter of current United Kingdom law, payments under the Note Guarantee would be subject to any deduction of or withholding on account of United Kingdom income tax. Any such deduction or withholding would be subject to (a) such relief as might be available under the provisions of any double taxation treaty or any other relief that might apply and (b) the obligation of the Guarantor under the terms of the Note Guarantee to pay additional amounts (save in limited circumstances) to cover the amounts deducted or withheld.

### Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuers may be foreign financial institutions for these purposes. A number of jurisdictions (including the UK) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to

change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under Condition 20 (*Further Issues*)) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

### **The proposed financial transactions tax (FTT)**

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

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

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

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

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

## Subscription and Sale

The Dealers have, in an amended and restated Programme Agreement dated 25 February 2025 (as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) agreed with the Issuers a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, each Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes by such Issuer under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### United States

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

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

If Category 2 is specified in the applicable Pricing Supplement, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes:

- (a) as part of their distributions at any time; or
- (b) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part,

within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

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

## United Kingdom

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

- (a) in relation to any Notes which have a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer or (where applicable) the Guarantor;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or (where applicable) the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

## Japan

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

## Republic of Korea

The Notes have not been and will not be registered under the Financial Investment Services and Capital Markets Act (the **FSCMA**). Each Dealer has represented and agreed, and each new Dealer further appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, directly or indirectly, in the Republic of Korea or to any resident (as such term is defined in the Foreign Exchange Transaction Law) of the Republic of Korea for a period of one year from the date of issuance of the Notes, except:

- (a) to or for the account or benefit of a resident of the Republic of Korea which falls within certain categories of "professional investors" as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure, in the case that the Notes are issued as bonds other than convertible bonds, bonds with warrants or exchangeable bonds, and where other relevant requirements are further satisfied, or

- (b) as otherwise permitted under applicable laws and regulations in the Republic of Korea.

### **Prohibition of sales to EEA Retail Investors**

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

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

### **Prohibition of sales to UK Retail Investors**

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

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

### **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses

or distributes this Programme Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the relevant Issuer, (where applicable) the Guarantor, the Note Trustee, the Security Trustee nor any of the other Dealers shall have any responsibility therefor.

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

## General Information

### Authorisation

The establishment of the Programme has been duly authorised by resolutions of the Board of Directors of TSF1 dated 1 March 2023. The update of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of each Issuer dated 13 February 2025.

### Admission to trading of Notes

It is expected that each Tranche of Notes which is to be admitted to trading on the ISM will be admitted separately as and when issued, subject only to the issue of one or more Global Notes initially representing the Notes of such Tranche. Application has been made to the London Stock Exchange for such Notes to be admitted to trading on the ISM. The admission to trading of the Programme in respect of Notes is expected to be granted on or before 26 February 2025.

### Documents Available

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

- (a) the Articles of Association of each Issuer;
- (b) the TSF1 Financial Statements (TSF1 currently prepares audited accounts on an annual basis);
- (c) the most recently published audited unconsolidated annual financial statements of each Issuer and the most recently published unaudited interim unconsolidated financial statements (if any) of each Issuer, in each case together with any audit or review reports prepared in connection therewith;
- (d) the Note Trust Deed, the Security Trust Deeds, the Note Guarantee, the Note Guarantee Security Assignment, the Agency Agreement, the Custody Agreement, the Management Services Agreements and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (e) a copy of this Programme Memorandum; and
- (f) any future programme memoranda, offering circulars, prospectuses, information memoranda, supplements and Pricing Supplements to this Programme Memorandum and any other documents incorporated herein or therein by reference.

### Clearing Systems

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



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

### **Conditions for determining price**

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

### **Characteristics of underlying assets**

The Loan Agreements will have characteristics that demonstrate capacity to produce funds to service any payments due and payable on any Notes.

### **Significant or Material Change**

There has been no significant change in the financial or trading position of TSF1 since 31 March 2024 and there has been no material adverse change in the financial position or prospects of TSF1 since 31 March 2024.

There has been no significant change in the financial or trading position of TSF2 since the date of its incorporation and there has been no material adverse change in the financial position or prospects of TSF2 since the date of its incorporation.

### **Litigation**

TSF1 is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which TSF1 is aware) since 31 March 2024 which may have or have in such period had a significant effect on the financial position or profitability of TSF1.

TSF2 is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which TSF2 is aware) since the date of its incorporation which may have or have in such period had a significant effect on the financial position or profitability of TSF2.

### **Auditors**

The auditors of each Issuer are CLA Evelyn Partners Limited, Chartered Accountants.

CLA Evelyn Partners Limited has audited TSF1's accounts, without qualification, in accordance with International Standards on Auditing (UK) for the financial periods ended on 31 March 2023 and 31 March 2024. As at the date of this Programme Memorandum no financial statements have been prepared in respect of TSF2.

CLA Evelyn Partners Limited has no material interest in either Issuer.

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

### **Post-issuance information**

Neither Issuer intends to provide any post-issuance information in relation to the Notes issued by it under the Programme, other than as required pursuant to Condition 7(c) (*Covenants*) and in accordance with the Sustainable Bond Framework.

## Dealers transacting with the Issuer and the Guarantor

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuers and/or the Guarantor and their respective affiliates in the ordinary course of business.

The Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of an Issuer, the Guarantor and/or their respective affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

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

## Third Party Information

In respect of the information relating to:

- (a) the confirmation of the UK Government in relation to caps of sheltered and extra care housing rent referred to on page 20 of this Programme Memorandum under the heading "*Risk Factors – Rental Income, Housing Benefit and Social Housing Spending*" which was obtained from: <https://www.housing.org.uk/topics/supported-housing/future-funding-of-supported-housing/>;
- (b) the rules in relation to universal credit in circumstances where tenants are vulnerable or fall into arrears of rent referred to on page 20 of this Programme Memorandum in the section headed "*Risk Factors - Rental Income, Housing Benefit and Social Housing Spending*" was obtained from: <https://www.gov.uk/government/publications/universal-credit-and-rented-housing-2/universal-credit-and-rented-housing-guide-for-landlords>;
- (c) the announcement by the Government on 4 October 2017 referred to on page 22 of this Programme Memorandum in the section headed "*Risk Factors - Rental Growth Risk*" which was obtained from: <https://www.gov.uk/government/news/2-billion-boost-for-affordable-housing-and-long-term-deal-for-social-rent>;
- (d) the publication of the new Rent Standard referred to on page 21 of this Programme Memorandum in the section headed "*Risk Factors – Rental Growth Risk*" which was obtained from: <https://www.gov.uk/guidance/regulatory-standards>;
- (e) the consultation on social housing rents referred to on page 21 of this Programme Memorandum in the section headed "*Risk Factors – Rental Growth Risk*" which was obtained from:

<https://www.gov.uk/government/consultations/consultation-on-future-social-housing-rent-policy>;

- (f) the Charter referred to on page 22 of this Programme Memorandum in the section headed "*Risk Factors – Rental Growth Risk*" which was obtained from: <http://www.gov.scot/Publications/2017/03/8379/downloads>;
- (g) the announcement of the Scottish Government on 21 December 2022 referred to on page 24 of this Programme Memorandum in the section headed "*Risk Factors - Rental Growth Risk*" which was obtained from: <https://www.gov.scot/news/agreement-on-social-rents-for-2023-24/>;
- (h) details of the Rent and Service Charge Standard regarding rent policy in Wales referred to on page 24 of this Programme Memorandum in the section headed "*Risk Factors - Rental Growth Risk*" which was obtained from: <https://gov.wales/rent-and-service-charge-standard-2020-2025>;
- (i) the announcement of the Welsh Government on 27 October 2023 referred to on page 24 of this Programme Memorandum in the section headed "*Risk Factors - Rental Growth Risk*" which was obtained from: <https://www.gov.wales/continued-support-tenants-rented-social-accommodations-wales#:~:text=Today%2C%20Climate%20Change%20Minister%20Julie,of%206.7%25%20from%20April%202024>;
- (j) the announcement of the Welsh Government on 16 October 2024 referred to on page 24 of this Programme Memorandum in the section headed "*Risk Factors - Rental Growth Risk*" which was obtained from: <https://www.gov.wales/written-statement-social-rent-uplift-2025-2026>;
- (k) the formula used by the Housing Executive to determine how much rent it should charge for each of its properties referred to on page 21 of this Programme Memorandum in the section headed "*Risk Factors - Rental Growth Risk*" which was obtained from: [https://www.nihe.gov.uk/rent\\_scheme](https://www.nihe.gov.uk/rent_scheme); and
- (l) the *Sector Risk Profile 2024* published by the Social Housing Regulator and referred to on page 25 and page 27 of this Programme Memorandum in the sections headed "*Risk Factors – Non-payment Risks*" and "*Risk Factors – Increased capital expenditure requirements*" which was obtained from <https://www.gov.uk/government/publications/sector-risk-profile-2024>,

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

#### **Note Trustee and Security Trustee's action**

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

## ISSUERS

### **THFC Sustainable Finance Plc**

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London EC4N 8AL

### **T.H.F.C. Sustainable Finance (No.2) Plc**

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17 St. Swithin's Lane  
London EC4N 8AL

## ADMINISTRATOR

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

3rd Floor  
17 St. Swithin's Lane  
London EC4N 8AL

## NOTE TRUSTEE AND SECURITY TRUSTEE

### **The Law Debenture Trust Corporation p.l.c.**

8th Floor  
100 Bishopsgate  
London EC2N 4AG

## PRINCIPAL PAYING AGENT AND CUSTODIAN

### **The Bank of New York Mellon, London Branch**

160 Queen Victoria Street  
London EC4V 4LA

## LEGAL ADVISERS

*To the Issuer as to English law*

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

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