

**YORKSHIRE HOUSING FINANCE PLC  
AS ISSUER**

**PRUDENTIAL TRUSTEE COMPANY LIMITED  
AS BOND TRUSTEE**

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**BOND TRUST DEED IN RELATION TO  
£200,000,000 4.125 PER CENT. SECURED BONDS  
DUE 2044  
(INCLUDING £60,000,000 IN PRINCIPAL AMOUNT  
OF RETAINED BONDS)**

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**THIS DEED** is made on 31 October 2014

**BETWEEN:**

- (1) **YORKSHIRE HOUSING FINANCE PLC** a public limited company incorporated in England and Wales under the Companies Act 2006 with registered number 9227343 and whose registered office is at Dysons Chambers, 12-14 Briggate, Leeds, LS1 6ER (the "**Issuer**"); and
- (2) **PRUDENTIAL TRUSTEE COMPANY LIMITED** whose principal office is at Laurence Pountney Hill, London EC4R 0HH (the "**Bond Trustee**").

**INTRODUCTION:**

- (A) The Issuer has authorised the creation and issue of the Bonds, to be issued in accordance with this Deed and secured by the Issuer Security.
- (B) The Bond Trustee has agreed to act as trustee of the Trust Property in accordance with the provisions of this Deed.

**THIS DEED WITNESSES** as follows:

**1. DEFINITIONS**

Unless otherwise defined in this Deed or the context requires otherwise, words and expressions used in this Deed have the meanings and constructions ascribed to them in the Master Definitions Schedule set out in Schedule 1 to the Incorporated Terms Memorandum which is dated on or about the date of this Deed and signed for the purpose of identification by each of the Parties hereto.

**2. COMMON TERMS**

**2.1 Incorporation of Common Terms**

Except as provided below, the Common Terms apply to this Deed and shall be binding on the parties to this Deed as if set out in full in this Deed.

**2.2 Amendment to Common Terms**

Paragraph 1 (*Further Assurance*) of Part 1 of the Common Terms applies to this Deed as if set out in full in this Deed, and as if the Issuer were the Obligor and the Bond Trustee were the Obligee.

**2.3 Conflict with Common Terms**

If there is any conflict between the provisions of the Common Terms and the provisions of this Deed, the provisions of this Deed shall prevail, save for where any provision of this Deed relates to VAT, in which case the relevant provisions of the Common Terms shall prevail.

## 2.4 **Governing Law and Jurisdiction**

This Deed and any non-contractual obligations arising out of or in connection with it are governed by English law in accordance with Part 3 (*Governing Law Provisions*) of the Common Terms. Part 3 (*Governing Law Provisions*) of the Common Terms applies to this Deed as if set out in full in this Deed.

## 3. **REPRESENTATIONS AND COVENANTS BY THE ISSUER**

### 3.1 **Representations and Warranties**

The Issuer gives certain representations and warranties to the Bond Trustee on the terms set out in the Issuer Warranties on the Issue Date and on any Further Issue.

### 3.2 **Covenants**

The Issuer covenants with the Bond Trustee on the terms of the Issuer Covenants.

### 3.3 **Instruments subject to Trust Documents**

The Bonds and Coupons are subject to the provisions contained in the Trust Documents, all of which shall be binding upon the Issuer, the Bondholders and the Couponholders and all persons claiming through or under them, respectively.

### 3.4 **Benefit held on trust**

The Bond Trustee holds the benefit of the Trust Property on trust for the Issuer Secured Creditors in accordance with the respective terms of the Issuer Transaction Documents.

## 4. **AMOUNT OF THE BONDS**

### 4.1 **Bonds**

The aggregate outstanding principal amount of the Bonds on the Issue Date is limited to £200,000,000.

### 4.2 **Retained Bonds**

4.2.1 £60,000,000 in principal amount of the Bonds issued on the Issue Date initially constitute retained bonds ("**Retained Bonds**"). Such Retained Bonds (including related Coupons and Talons) have been purchased by the Issuer on the Issue Date at the issue price and will be held by or for the account of the Issuer pursuant to the Retained Bond Custody Agreement and shall cease to be Retained Bonds upon sale by the Issuer to a third party.

4.2.2 Retained Bonds shall carry the same rights and be subject in all respects to the same conditions set out in Schedule 4 hereto as the other Bonds (the "**Conditions**"), except that the Retained Bonds, pending sale or cancellation by the Issuer or any member of the Group, will not be treated as outstanding (as that term is used in this Deed) for purposes of determining a quorum or voting at meetings of Bondholders and for various other purposes, save as

otherwise provided for herein. Bonds which have ceased to be Retained Bonds shall carry the same rights and be subject in all respects to the same Conditions as other Bonds.

- 4.2.3 Pursuant to the terms of a custody agreement to be dated on or about the date hereof relating to the Retained Bonds (the "**Retained Bond Custody Agreement**"), the Issuer has instructed Citibank N.A., London Branch, as custodian for the Retained Bonds (the "**Retained Bond Custodian**") to waive all of its rights to receive payments (of interest, principal or otherwise) on the Retained Bonds for so long as the Retained Bonds are held on the Issuer's behalf, and the Issuer undertakes that it will not revoke such waiver at any time prior to the sale or transfer of the Retained Bonds to a third party in accordance with Clause 4.2.4 below.
- 4.2.4 The Issuer covenants that it will, immediately prior to a sale or transfer of any Retained Bonds by the Issuer, deliver to the Bond Trustee a certificate in writing signed by two directors of the Issuer addressed to the Bond Trustee confirming that, immediately following the sale of such Retained Bonds, the Borrowers will be in compliance with the Asset Cover Test. The Bond Trustee undertakes that, promptly following receipt of such certificate, it will deliver a countersigned Retained Bond Confirmation Letter, in substantially the form set out in Schedule 6 (*Form of Retained Bond Confirmation Letter*) hereto, to the Retained Bond Custodian. The Retained Bond Custodian has covenanted, pursuant to the Retained Bond Custody Agreement, that it shall not effect a transfer of any Retained Bonds unless it has received a Retained Bond Confirmation Letter in the form provided in Schedule 6 (*Form of Retained Bond Confirmation Letter*) which has been countersigned on behalf of the Bond Trustee.
- 4.2.5 The Issuer further undertakes to the Bond Trustee that, in the event that the Retained Bond Custody Agreement is terminated, it shall appoint a successor custodian to hold the Retained Bonds on substantially the same terms as the Retained Bond Custody Agreement, in particular, but without limitation to, the payment waiver and transfer restrictions applicable to the Retained Bonds, as described above.

#### 4.3 **Further Bonds**

- 4.3.1 The Issuer may from time to time without the consent of the Bondholders or Couponholders create and issue Further Bonds.
- 4.3.2 The Conditions of such Further Bonds shall be in the same form as the Conditions in respect of the Bonds except that the Conditions in respect of the Further Bonds will provide for a different first Interest Payment Date than that applicable to the Bonds.

## **5. ISSUE OF FURTHER BONDS**

### **5.1 Notice of further issue**

The Issuer may, by written notice delivered to the Bond Trustee and the Joint Bookrunners at least 10 days before the relevant Further Closing Date, issue Further Bonds in accordance with Clause 4.3 (*Further Bonds*) upon the Issuer confirming in writing to the Bond Trustee that all relevant parties have complied with any relevant further closing conditions precedent.

### **5.2 Cancellation of right to issuer Further Bonds**

The Issuer may, upon irrevocable notice to the Bond Trustee, irrevocably cancel its right to issue Further Bonds (but without prejudice to any previous exercise of such right of issue). Any notice cancelling the Issuer's right to issue Further Bonds shall be of immediate effect on receipt by the Bond Trustee and shall automatically cancel the Issuer's right to issue Further Bonds. Upon sending such notice, the Issuer shall notify the Bondholders as soon as practicable in accordance with Condition 15 (*Notices*).

### **5.3 Supplemental Trust Deed**

Any Further Bonds issued in accordance with Clause 4.3 (*Further Bonds*) shall be constituted pursuant to a Supplemental Trust Deed. The Issuer shall, on or prior to the Further Closing Date in relation to any Further Bonds, execute and deliver to the Bond Trustee a Supplemental Trust Deed (if applicable, duly stamped and denoted) containing covenants by the Issuer in the form of and on the same terms as the Covenant to Pay, Clauses 3.4 (*Benefit held on trust*) and 8 (*Conditions of Payment*) of this Deed in relation to the principal and interest in respect of such Further Bonds and such other provisions (corresponding to any of the provisions contained in this Deed) as the Bond Trustee shall require.

### **5.4 Endorsement**

A memorandum of every such Supplemental Trust Deed shall be endorsed by the Bond Trustee on the Bond Trustee's copy of this Deed.

## **6. COVENANT TO REPAY PRINCIPAL**

The Issuer covenants with the Bond Trustee that it will unconditionally pay or procure to be paid, in accordance with Clause 8 (*Conditions of Payment*), the principal amount of the Bonds or any of them or any part thereof becoming due for redemption or repayment in accordance with the Conditions as and when:

6.1.1 the Bonds or any of them become due to be redeemed; or

6.1.2 any principal on the Bonds or any of them becomes due to be repaid.

## **7. COVENANT TO PAY INTEREST**

Until all payments of principal are duly made under Clause 6 (*Covenant to Repay Principal*), the Issuer shall pay or procure to be paid on the dates provided for in the

Conditions (after as well as before any judgment or other order of any court of competent jurisdiction) in accordance with Clause 8 (*Conditions of Payment*), interest on the outstanding principal amount of the Bonds or any of them outstanding from time to time, subject to the provisions of the Conditions and Clause 10 (*Rate of Interest after a Default*).

## **8. CONDITIONS OF PAYMENT**

### **8.1 Manner of payment**

Payments made pursuant to Clauses 6 (*Covenant to Repay Principal*) and 7 (*Covenant to Pay Interest*) shall be made to the order of the Bond Trustee in Sterling in London in immediately available funds subject to the following provisions of this Clause 8 (*Conditions of Payment*).

### **8.2 Application of payments**

Every payment of principal or interest in respect of the Bonds made to the Principal Paying Agent in the manner provided in the Paying Agency Agreement shall satisfy, to the extent of such payment, the relevant covenant by the Issuer contained in Clauses 6 (*Covenant to Repay Principal*) and 7 (*Covenant to Pay Interest*) except, in the case of payment to the Principal Paying Agent, to the extent that there is default in the subsequent payment thereof to the Bondholders or the Couponholders (as the case may be) under the Conditions.

### **8.3 Payment after due date**

If any payment of principal or interest in respect of the Bonds is made after the due date, payment shall be deemed not to have been made until the earlier of:

- 8.3.1 the date on which the full amount is paid to the relevant Bondholders; and
- 8.3.2 the seventh day after notice has been given to the relevant Bondholders in accordance with Condition 15 (*Notices*) that the full amount (together with interest accrued to that date) has been received by the Principal Paying Agent or the Bond Trustee.

### **8.4 Default interest**

In any case where payment of the whole or any part of the principal amount due in respect of any Bond is improperly withheld or refused upon due presentation (if so provided for in the Conditions) of the Bond, interest shall accrue on the whole or such part of such principal amount from the date of such withholding or refusal until the earlier of:

- 8.4.1 the date on which such principal amount due is paid to the relevant Bondholder; and
- 8.4.2 the seventh day after notice has been given to the relevant Bondholders in accordance with Condition 15 (*Notices*) that the full amount payable in respect of the said principal amount is available for collection by such Bondholders,



**provided that** on further due presentation thereof (if so provided for in the Conditions) such payment is in fact made.

## **8.5 Maximum payments**

No provision contained in the Conditions or the Trust Documents will require the Issuer to pay:

- 8.5.1 an amount of principal in respect of an Bond which exceeds the outstanding principal amount of such Bond at the relevant time (other than as provided in Condition 9.2); or
- 8.5.2 an amount of interest calculated on any principal amount in excess of such outstanding principal amount.

## **9. FOLLOWING AN EVENT OF DEFAULT**

### **9.1 Bonds due and payable**

Upon the delivery of an Acceleration Notice, the Bonds, without further action or formality, shall become immediately due and payable at their outstanding principal amount, together with accrued interest.

### **9.2 Appointment of Paying Agent for Bond Trustee**

At any time after any Event of Default shall have occurred which is continuing the Bond Trustee may:

- 9.2.1 by notice in writing to the Issuer and the Paying Agents require the Paying Agents or any of them:
  - (a) to act thereafter, until otherwise instructed by the Bond Trustee, as Paying Agent of the Bond Trustee under the provisions of the Trust Documents on the terms provided in the Paying Agency Agreement (with consequential amendments as necessary) save that the Bond Trustee's liability under any provisions of the Paying Agency Agreement for the indemnification, remuneration and payment of out-of-pocket expenses of the Paying Agents shall be limited to amounts for the time being held by the Bond Trustee on the trusts of the Trust Documents in relation to the Bonds on the terms of the Trust Documents and available to the Bond Trustee for such purpose;
  - (b) to hold all Bonds, Coupons and Talons and all sums, documents and records held by them in respect of the Bonds, Coupons and Talons on behalf of the Bond Trustee; and
  - (c) to deliver all sums, documents and records held by them in respect of Bonds, Coupons and Talons to the Bond Trustee or as the Bond Trustee shall direct in such notice **provided that** such notice shall be deemed not to apply to any document or record which the relevant Paying Agent is obliged not to release by any Requirement of Law or Regulatory Direction;

- 9.2.2 by notice in writing to the Issuer, require the Issuer to make all subsequent payments in respect of the Bonds and the Coupons to or to the order of the Bond Trustee and not to the Principal Paying Agent and with effect from the issue of any such notice until such notice is withdrawn, the provisions in Clause 8.2 (*Application of Payments*) and (so far as it concerns payments by the Issuer) Clause 26 (*Payment to Bondholders and Couponholders*) shall cease to have effect; and
- 9.2.3 by notice in writing to the Issuer and the Custodian require the Custodian:
- (a) to act thereafter, until otherwise instructed by the Bond Trustee, as Custodian of the Bond Trustee under the provisions of the Trust Documents on the terms provided in the Custody Agreement (with consequential amendments as necessary) save that the Bond Trustee's liability under any provisions of the Custody Agreement for the indemnification, remuneration and payment of out-of-pocket expenses of the Custodian shall be limited to amounts for the time being held by the Bond Trustee on the trusts of the Trust Documents in relation to the Bonds on the terms of the Trust Documents and available to the Bond Trustee for such purpose;
  - (b) to hold all Custody Property and all sums, documents and records held by them in respect of the Custody Property on behalf of the Bond Trustee; and
  - (c) to deliver all sums, documents and records held by them in respect of Custody Property to the Bond Trustee or as the Bond Trustee shall direct in such notice provided that such notice shall be deemed not to apply to any document or record which the Custodian is obliged not to release by any requirement of Law or Regulatory Direction.

## 10. **RATE OF INTEREST AFTER A DEFAULT**

If the Bonds become immediately repayable pursuant to the Conditions, the Bond Rate of interest payable thereon shall be calculated at six monthly intervals, the first of which shall commence on the expiry of six months following the Interest Payment Date on which the Bonds become so repayable. In these circumstances, interest payable on the Bonds will be calculated in accordance with Condition 7 (*Interest*) (with consequential amendments as necessary) except that the Bond Rate need not be published.

## 11. **GLOBAL BONDS**

The Bonds will initially be represented by the Temporary Global Bond in the principal amount of £200,000,000. Interests in the Temporary Global Bond shall be exchangeable on or after the Exchange Date, in accordance with its terms, for interests in the Permanent Global Bond. The Permanent Global Bond shall be exchangeable in accordance with its terms for Definitive Bonds.

## **12. DEFINITIVE BONDS**

The Definitive Bonds, the Coupons and the Talons will be security printed in accordance with applicable legal and stock exchange requirements in the respective forms, or substantially in the respective forms, set out in Part A (*Form of Definitive Bond*) of Schedule 3 upon the occurrence of certain limited circumstances described in the Permanent Global Bond. Each Definitive Bond shall be issued in bearer form and in denominations of £100,000 and integral multiples of £1,000 in excess thereof, up to and including £199,000, be serially numbered, with Coupons for payment dates falling after the date of issue and Talons attached and shall be endorsed with the relevant Conditions.

## **13. NOTIFICATION OF ISSUE OF DEFINITIVE BONDS**

The Issuer shall notify the Bond Trustee and, if applicable, the Paying Agents forthwith upon the occurrence of any of the Exchange Events referred to in any Permanent Global Bond and shall, unless the Bond Trustee agrees otherwise, promptly give notice to Bondholders in accordance with Condition 15 (*Notices*) of the occurrence of any such Exchange Event and of its obligations to issue Definitive Bonds.

## **14. SIGNATURE**

### **14.1 Global Bonds**

The Global Bonds will each be signed manually or in facsimile by an Authorised Signatory of the Issuer on behalf of the Issuer and will be authenticated manually by or on behalf of the Principal Paying Agent. The Issuer may use the facsimile signature of a person who at the date of this Deed is an Authorised Signatory even if at the time of issue of any Global Bond he no longer holds that office. Global Bonds so executed and authenticated will be legal, binding and valid obligations of the Issuer.

### **14.2 Definitive Bonds**

The Definitive Bonds shall be signed manually or in facsimile by two directors of the Issuer. The Coupons and Talons shall not be signed. The Issuer may use the facsimile signature of any person who at the date of printing of the Definitive Bonds is a director of the Issuer notwithstanding that at the time of issue of any of the Definitive Bonds he may have ceased for any reason to be the holder of such office and the Definitive Bonds so executed shall be binding and valid obligations of the Issuer. The Issuer shall procure that, prior to their issue, the Definitive Bonds will be authenticated manually by or on behalf of the Principal Paying Agent and none of the Definitive Bonds or the related Coupons or Talons shall be valid for any purpose unless and until the relevant Definitive Bonds have been so authenticated.

## **15. ENTITLEMENT TO TREAT HOLDER AS OWNER**

### **15.1 Deemed absolute owner**

The Issuer, the Bond Trustee and any Paying Agent may deem and treat the holder of any Instrument as the absolute owner of such Instrument (whether or not such Instrument shall be overdue and notwithstanding any notation of ownership or other

writing on it or any notice of previous loss or theft of such Instrument) for all purposes. Except as ordered by a court of competent jurisdiction or as required by applicable law, the Issuer, the Bond Trustee and the Paying Agents shall not be affected by any notice to the contrary and shall make payments thereon or, in the case of Talons, exchanges thereof accordingly.

## **15.2 Payments and exchanges valid**

All payments or exchanges made to a holder of any Instrument in accordance with Clause 15.1 (*Deemed absolute owner*) shall be valid and, to the extent of the sums so paid or Coupons so delivered, effective to satisfy and discharge the liability for the monies payable upon the Bonds and Coupons or the liability for delivering Coupons in respect of the Talons.

## **16. FAILURE TO ISSUE BONDS IN DEFINITIVE FORM**

If after the Exchange Date, the Issuer becomes obliged to issue Definitive Bonds pursuant to the terms of the Permanent Global Bond by reason of the occurrence of an Exchange Event, but fails to do so within 30 days of such event, then the Issuer shall indemnify the Bond Trustee for and on behalf of the Bondholders against any loss or damage incurred by any of them if the amount received by any of them is less than the amount that would have been received had the Definitive Bonds been issued.

## **17. WAIVER**

### **17.1 Waiver of Breach**

The Bond Trustee may at any time and from time to time in its sole discretion, without prejudice to its rights in respect of any subsequent breach, Condition, event or act, from time to time and at any time, but only if and in so far as in its opinion the interests of the Bondholders then outstanding shall not be materially prejudiced thereby:

17.1.1 authorise or waive, on such terms and subject to such Conditions (if any) as it may decide, any proposed breach or breach of any of the covenants or provisions contained in this Deed, the Bonds or any other of the Transaction Documents (other than a proposed breach or breach relating to the subject of a Reserved Matter); or

17.1.2 determine that any Potential Event of Default or Event of Default shall not be treated as such for the purposes of the Bond Trust Deed, the Bonds or any of the other Transaction Documents,

without any consent or sanction of the Instrumentholders or any other Issuer Secured Creditor.

### **17.2 Binding Nature**

Any authorisation, waiver or determination referred to in Clause 17.1 (*Waiver of Breach*) shall be binding on the Instrumentholders and the other Issuer Secured Creditors.

### **17.3 Restriction on powers**

The Bond Trustee shall not exercise any powers conferred upon it by this Clause 17 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of holders of the Bonds then outstanding or of a request or direction in writing made by the holders of not less than 25 per cent. in outstanding principal amount of the Bonds then outstanding but so that no such direction or request (a) shall affect any authorisation, waiver or determination previously given or made or (b) shall authorise or waive any such proposed breach or breach relating to a Reserved Matter unless the Bondholders have, by Extraordinary Resolution, so authorised its exercise.

### **17.4 Notice of waiver**

Unless the Bond Trustee agrees otherwise, the Issuer shall cause any such authorisation, waiver or determination to be notified to the Bondholders and the other Issuer Secured Creditors as soon as practicable after it has been made in accordance with Condition 15 (*Notices*) and the relevant Transaction Documents.

## **18. MODIFICATIONS**

### **18.1 Modification of Transaction Documents**

The Bond Trustee may, at any time and from time to time, without the consent or sanction of the Instrumentholders or any of the other Issuer Secured Creditors, concur with the Issuer and any other relevant parties in making:

18.1.1 any modification to the Conditions, the Bond Trust Deed or any other Transaction Documents (other than in respect of a Reserved Matter or any provision of the Trust Documents referred to in the definition of a Reserved Matter) which is, in the opinion of the Bond Trustee, proper to make if, in the opinion of the Bond Trustee, it will not be materially prejudicial to the interests of the holders of the Bonds then outstanding; or

18.1.2 any modification to the Bonds or this Deed or any other Transaction Documents which is in the opinion of the Bond Trustee, proper to make if such modification is of a formal, minor or technical nature, or is made to correct a manifest error.

### **18.2 Binding Nature**

Any modification referred to in Clause 18.1 (*Modification of Transaction Documents*) shall be binding on the Instrumentholders and the other Issuer Secured Creditors.

### **18.3 Notice of modification**

Unless the Bond Trustee otherwise agrees, the Issuer shall cause any such modification to be notified to the Bondholders and the other Issuer Secured Creditors as soon as practicable after it has been made in accordance with Condition 15 (*Notices*) and/or the relevant Transaction Documents.

## 19. SUBSTITUTION

### 19.1 Procedure

The Bond Trustee may, without the consent of the Instrumentholders or Issuer Secured Creditors concur with the Issuer in substituting in place of the Issuer (or of any previous substitute under this Clause 19 (*Substitution*)), any other person (the "**Substituted Obligor**") as the principal debtor in respect of the Issuer Transaction Documents, the Bonds and any other Secured Amounts, if the Bond Trustee is satisfied that the interests of Bondholders will not be materially prejudiced by the substitution and:

- 19.1.1 a supplemental trust deed is executed or some other written form of undertaking is given by the Substituted Obligor to the Bond Trustee, in form and manner satisfactory to the Bond Trustee, agreeing to be bound by the terms of the Trust Documents, the Bonds, the Coupons and the other Issuer Transaction Documents with any consequential amendments which the Bond Trustee may deem appropriate, as fully as if the Substituted Obligor had been named in the Trust Documents and the other Issuer Transaction Documents and on the Bonds and the Coupons as the principal debtor in respect of the Secured Amounts in place of the Issuer (or of any previous substitute under this Clause 19 (*Substitution*));
- 19.1.2 the Issuer (or any previous substitute) and the Substituted Obligor executes such other deeds, documents and instruments (if any) as the Bond Trustee may require in order that the substitution is fully effective and complies with such other requirements as the Bond Trustee may direct in the interests of the Bondholders, Couponholders and the other Issuer Secured Creditors;
- 19.1.3 where all or substantially all of the assets of the Issuer (or any previous substitute) are transferred to the Substituted Obligor, the Substituted Obligor:
  - (a) acquires the Issuer's (or such previous substitute's) equity of redemption in the Issuer Charged Property (other than the undertaking of the Issuer or any previous substitute);
  - (b) becomes a party to all the Issuer Transaction Documents to which the Issuer (or such previous substitute) is a party;
  - (c) acknowledges the Issuer Security and the other matters created and effected in respect thereof pursuant to the Trust Documents; and
  - (d) takes all such action as the Bond Trustee may require so that the Issuer Charged Property continues to be subject to the Issuer Security and the other matters created and effected in respect thereof pursuant to the Trust Documents and otherwise effected or maintained in all respects corresponding to those previously subsisting on the part of the Issuer or such previous substitute;
- 19.1.4 (unless all or substantially all of the assets of the Issuer (or any previous substitute) are transferred to the Substituted Obligor) an unconditional and

irrevocable guarantee secured on the Issuer Charged Property in form and substance satisfactory to the Bond Trustee is given by the Issuer (or such previous substitute) of the obligations of the Substituted Obligor under the Trust Documents, the Bonds, Coupons and the other Issuer Transaction Documents;

19.1.5 the Substituted Obligor is a single purpose company similar to, and with like constitution as, and having substantially the same restrictions and prohibitions on its activities and operations as the Issuer, undertakes to be bound by provisions corresponding to those set out in the Conditions and satisfies the criteria established from time to time by Moody's for a single purpose company;

19.1.6 the Bond Trustee is satisfied that in accordance with all applicable Requirements of Law and Regulatory Directions:

- (a) the Substituted Obligor has obtained all governmental and regulatory approvals and consents necessary for its assumption of liability as principal debtor in respect of the Bonds, the Coupons and the other Secured Amounts in place of the Issuer (or such previous substitute as aforesaid);
- (b) (if a guarantee is executed in accordance with paragraph 19.1.4 (*Procedure*)) of this Clause 19.1 the Issuer (or such previous substitute) has obtained all governmental and regulatory approvals and consents necessary for the guarantee to be fully effective as referred to in paragraph 19.1.4 of this Clause 19.1 (*Procedure*); and
- (c) such approvals and consents are at the time of substitution in full force and effect;

19.1.7 the Bond Trustee is provided with legal opinions in respect of such substitution addressed to it; and

19.1.8 Moody's confirms in writing to the Bond Trustee that its rating of any of the Bonds currently rated by Moody's will not be lowered (or placed under review with a view to being lowered) as a result of such substitution.

## **19.2 Extra duties**

The Bond Trustee shall be entitled to refuse to approve any Substituted Obligor if, pursuant to the law of the country of incorporation of the Substituted Obligor, the assumption by the Substituted Obligor of its obligations hereunder imposes responsibilities and Liabilities on the Bond Trustee over and above those which have been assumed under the Trust Documents.

## **19.3 Directors' certification**

If any two directors of the Substituted Obligor certify that immediately prior to the assumption of its obligations as Substituted Obligor under the Trust Documents the Substituted Obligor is solvent after taking account of all prospective and contingent liabilities resulting from its becoming the Substituted Obligor, the Bond Trustee need

not have regard to the financial condition, profits or prospects of the Substituted Obligor or compare the same with those of the Issuer (or of any previous Substituted Obligor) or have regard to the possibility of avoidance of the Issuer Security or any part thereof on the grounds of insolvency or the proximity to insolvency, liquidation or some other event of the creation of the Issuer Security.

#### **19.4 Interests of Bondholders and Issuer Secured Creditors**

In connection with any proposed substitution, the Bond Trustee shall not have regard to, or be in any way liable for, the consequences of such substitution for individual Bondholders, Couponholders or the other Issuer Secured Creditors resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. No Bondholder, Couponholder or other Secured Creditor shall, in connection with any such substitution, be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon individual Bondholders, Couponholders or other Issuer Secured Creditors.

#### **19.5 Release of Issuer**

Any agreement by the Bond Trustee pursuant to Clause 19.1 (*Procedure*) shall, if so expressed, operate to release the Issuer (or such previous Substituted Obligor) from any or all of its obligations as principal debtor under the Bonds, the Coupons, the Trust Documents and the other Secured Amounts but without prejudice to its liabilities under any guarantee given pursuant to paragraph 19.1.4 of Clause 19.1 (*Procedure*).

#### **19.6 Notice**

Not later than 14 days after the execution of any documents required to be executed pursuant to Clause 19.1 (*Procedure*) and after compliance with any requirements of the Bond Trustee under such Clause 19.1 (*Procedure*), the Substituted Obligor shall cause notice thereof to be given to the Bondholders and the other Issuer Secured Creditors in accordance with Condition 15 (*Notices*) and the relevant Issuer Transaction Documents.

#### **19.7 Completion of Substitution**

Upon the execution of such documents as are required to be executed pursuant to Clause 19.1 (*Procedure*) and compliance with any requirements of the Bond Trustee under such Clause, the Substituted Obligor shall be deemed to be named in the Trust Documents, the Bonds, Coupons and the other Issuer Transaction Documents as the principal debtor in place of the Issuer (or of any previous Substituted Obligor) and the Trust Documents, the Bonds and the other Issuer Transaction Documents shall thereupon be deemed to be amended in such manner as shall be necessary to give effect to the substitution. Any references to the Issuer (or any previous Substituted Obligor) in the Trust Documents, the Bonds, Coupons and the other Issuer Transaction Documents shall be deemed to be references to the Substituted Obligor.



20. **ACCELERATION NOTICE, ENFORCEABILITY OF ISSUER SECURITY AND PROCEEDINGS**

The parties hereto acknowledge and agree that:

20.1 **Acceleration Notices**

The circumstances in which the Bond Trustee may or shall deliver an Acceleration Notice, the conditions applicable to the delivery of such an Acceleration Notice and the consequences of such delivery are set out in Condition 12 (*Events of Default and Enforcement*).

20.2 **Enforceability of Issuer Security**

The Issuer Security shall become enforceable in the circumstances specified in Condition 4 (*Security*) and clause 14 of the Issuer Security Deed.

21. **PROCEEDINGS AND ACTIONS BY THE BOND TRUSTEE**

21.1 **Proceedings**

The circumstances in which the Bond Trustee may institute proceedings to enforce its rights under this Deed in respect of the Bonds and under the other Transaction Documents are set out in Condition 12 (*Events of Default and Enforcement*).

21.2 **No action by Bondholders, Couponholders or any other Bond Secured Creditor**

The Bond Trustee shall be entitled to act as provided in Condition 12 (*Events of Default and Enforcement*) and the Bondholders, Couponholders and other Issuer Secured Creditors shall have their rights to act limited in accordance with the provisions of Condition 12 (*Events of Default and Enforcement*).

21.3 **Bond Trustee discretions**

When taking any action pursuant to the provisions of the Transaction Documents, the Bond Trustee can rely on the provisions for its benefit set out in this Deed.

In relation to any discretion to be exercised or action to be taken by the Bond Trustee under any Transaction Document, the Bond Trustee may, at its discretion and without further notice or shall, if it has been so directed by an Extraordinary Resolution of holders of the Bonds then outstanding or of a request or direction in writing made by the holders of not less than 25 per cent. in outstanding principal amount of such Bonds, exercise such discretion or take such action, **provided that**, in either case, the Bond Trustee shall not be obliged to exercise such discretion or take such action unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities and **provided that** the Bond Trustee shall not be held liable for the consequences of exercising its discretion or taking any such action and may do so without having regard to the effect of such action on individual Bondholders, Couponholders or Issuer Secured Creditors.

#### **21.4 Action by Bond Trustee**

No Bondholder, Couponholder or any Issuer Secured Creditor (other than the Bond Trustee) shall be entitled (i) to take any steps or action against the Issuer to enforce the performance of any of the provisions of this Bond Trust Deed, the Bonds, the Coupons or any of the other Transaction Documents or (ii) to take any other action (including lodging an appeal in any proceedings) in respect of or concerning the Issuer, in each case unless the Bond Trustee, having become bound so to take any such steps, actions or proceedings, fails so to do within a reasonable period and the failure shall be continuing.

### **22. EVIDENCE OF DEFAULT**

If the Bond Trustee makes any claim, institutes any legal proceeding or lodges any proof in respect of the Issuer under the Trust Documents or under the Bonds, proof therein that:

#### **22.1 Bonds**

As regards any specified Bond, the Issuer has made default in paying any principal or interest due in respect of such Bond shall (unless the contrary be proved) be sufficient evidence that the Issuer has made the like default as regards all other Bonds in respect of which a corresponding payment is then due;

#### **22.2 Coupons**

As regards any specified Coupon, the Issuer has made default in paying any interest due in respect of such Coupon shall (unless the contrary be proved) be sufficient evidence that the Issuer has made the like default as regards all other Coupons, in respect of which a corresponding payment is then due; and

#### **22.3 Talons**

As regards any Talon, the Issuer has made default in exchanging such Talon for further Coupons and a further Talon as provided by its terms shall (unless the contrary be proved) be sufficient evidence that the Issuer has made the like default as regards all other Talons which are then available for exchange.

### **23. MONIES HELD ON TRUST**

All moneys received by the Bond Trustee in respect of the Bonds or amounts payable under the Trust Documents (including any monies which represent principal or interest in respect of Bonds or Coupons which have become void under the Conditions) will, despite any appropriation by the Issuer, be held by the Bond Trustee on trust to apply them (subject to Clause 24 (*Investment of Monies*)), if received prior to the delivery of an Acceleration Notice, in accordance with the Pre-enforcement Priority of Payment, and if received after delivery of an Acceleration Notice, in accordance with the Post-enforcement Priority of Payment.

## **24. INVESTMENT OF MONIES**

### **24.1 Investment by the Bond Trustee**

If upon enforcement of the Issuer Security, the amount of the moneys at any time available for payment of principal and interest in respect of the Bonds and any other amounts payable under Clause 23 (*Monies Held on Trust*) shall be less than a sum sufficient to pay at least one-tenth of the outstanding principal amount of the Bonds, the Bond Trustee may, at its discretion, invest such moneys upon some or one of the investments hereinafter authorised with power from time to time, with like discretion, to vary such investments.

### **24.2 Accumulations**

Any investment referred to in Clause 24.1 (*Investment by the Bond Trustee*), with the resulting income thereof, may be accumulated until the accumulations together with any other funds for the time being under the control of the Bond Trustee and available for the purpose shall amount to a sum sufficient to pay at least one-tenth of the outstanding principal amount of the Bonds and such accumulation and funds (after deduction of any taxes and any other deductibles applicable thereto) shall then be applied in accordance with the Post-enforcement Priority of Payment.

## **25. INVESTMENTS**

### **25.1 Types of Investment**

Any moneys which under the Trust Documents may be invested by the Bond Trustee may be invested in the name or under the control of the Bond Trustee in the following:

- 25.1.1 any of the investments for the time being authorised by English law for the investment by trustees of trust moneys; or
- 25.1.2 in any other investments, whether similar to those aforesaid or not, which may be selected by the Bond Trustee by placing the same on deposit in the name or under the control of the Bond Trustee with such bank or other financial institution as the Bond Trustee may think fit.

### **25.2 Currency and Conversion**

Such investments may be invested in such currency as the Bond Trustee in its absolute discretion may determine and the Bond Trustee may at any time vary or transfer any of such investments for or into other such investments or convert any moneys so deposited into any other currency and shall not be responsible for any loss occasioned by reason of any such investments or such deposit whether by depreciation in value, fluctuation in exchange rates or otherwise.

## **26. PAYMENT TO BONDHOLDERS AND COUPONHOLDERS**

The Bond Trustee shall, after the delivery of an Acceleration Notice, give notice to the Bondholders in accordance with Condition 15 (*Notices*) of the date fixed for any payment to them under Clause 23 (*Monies Held on Trust*). Any payment to be made

in respect of the Bonds or the Coupons by the Issuer or the Bond Trustee may be made in the manner provided in the Conditions, the Paying Agency Agreement and the Trust Documents and any payment so made shall be a good discharge to the Issuer or to the Bond Trustee as the case may be to the extent of such payment. Any payment in full of interest or principal (as the case may be) made in respect of the Bonds or Coupon in the manner aforesaid shall extinguish any claim of a Bondholder which may arise directly or indirectly in respect of such interest or principal.

**27. PRODUCTION OF BONDS AND COUPONS**

Upon any payment of principal or interest in respect of a Bond under Clause 26 (*Payment to Bondholders and Couponholders*), the Bond or Coupon in respect of which such payment is made shall, if the Bond Trustee so requires, be produced to the Bond Trustee or the Paying Agent by or through whom such payment is made and the Bond Trustee shall (a) in the case of part payment, enface or cause such Paying Agent to enface a memorandum of the amount and date of payment thereof (or cause the Paying Agent to procure that the ICSDs make appropriate entries in their records to reflect such payment) or (b) in the case of payment in full, shall cause such Bond or Coupon to be surrendered or shall cancel or procure the same to be cancelled and shall certify or procure the certification of such cancellation.

**28. BONDHOLDERS TO BE TREATED AS HOLDING ALL COUPONS AND TALONS**

Wherever in the Trust Documents the Bond Trustee is required or entitled to exercise a power, trust, authority or discretion under the Trust Documents, the Bond Trustee shall, notwithstanding that it may have express notice to the contrary, assume that each Bondholder is the holder of all Coupons and Talons appertaining to each Bond of which he is the holder.

**29. SUPPLEMENT TO TRUSTEE ACTS**

By way of supplement to the Trustee Acts, it is expressly declared as follows in relation to the Bond Trustee and the trust created by the Trust Documents:

**29.1 Reliance on Information**

29.1.1 *Advice:* the Bond Trustee may act on the opinion or advice of, or a certificate or any information obtained from, any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert (whether obtained by the Bond Trustee, the Issuer, a Paying Agent or any other Issuer Secured Creditor and including for the avoidance of doubt, a Nominated Financial Adviser) and shall not be responsible for any loss occasioned by so acting (notwithstanding that such opinion, advice, certificate or information may contain a cap or other limitation (monetary or otherwise) on the liability of any person);

29.1.2 *Transmission of Advice:* any opinion, advice, certificate or information referred to in Clause 29.1.1 (*Advice*) may be sent or obtained by letter, telegram, e-mail or fax and the Bond Trustee shall not be liable for acting on any opinion, advice, certificate or information purporting to be so conveyed although the same contains some error or is not authentic;

29.1.3 *Certificate of Directors or Authorised Signatories:* the Bond Trustee may call for and shall be at liberty to accept a certificate signed by two directors and/or two Authorised Signatories of the Issuer or any other Transaction Party (or other person duly authorised on its behalf):

- (a) as to any fact or matter *prima facie* within the knowledge of the Issuer or such other Transaction Party; and
- (b) to the effect that any particular dealing, transaction or step or thing is, in the opinion of the person so certifying, expedient,

as sufficient evidence that such is the case, and the Bond Trustee shall not be bound in any such case to call for further evidence or be responsible for any Liability that may be occasioned by its failing so to do and in any event (without limitation) shall be entitled to assume the truth and accuracy of any such certificate without being required to make any further investigation in respect thereof;

29.1.4 *Resolution or direction of Bondholders:* the Bond Trustee shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any Meeting in respect whereof minutes have been made and signed or a direction of the requisite percentage of Bondholders or an Extraordinary Resolution even though it may subsequently be found that there was some defect in the constitution of the Meeting or the passing of the Written Resolution or Extraordinary Resolution (as applicable) or the making of such directions or that for any reason the resolution purporting to be a Written Resolution or Extraordinary Resolution (as applicable) or to have been passed at any Meeting or the making of the directions was not valid or binding upon the Bondholders and Couponholders;

29.1.5 *Reliance on certification of clearing system:* the Bond Trustee may call for and shall be at liberty to accept and place full reliance on the following matters as sufficient evidence of thereof:

- (a) any Bond, Coupon or Talon purporting to be such and subsequently found to be forged or not authentic; and
- (b) the facts stated in a certificate or letter of confirmation purporting to be signed on behalf of Euroclear, Clearstream, Luxembourg or any other relevant clearing system in relation to any matter,

and the Bond Trustee shall not be liable to the Issuer or any Instrumentholder by reason only of such acceptance or reliance;

29.1.6 *Certificates of other parties to the Transaction Documents:* the Bond Trustee shall be entitled to call for and rely upon a certificate, reasonably believed by it to be genuine, of:

- (a) any of the parties to the Transaction Documents, in respect of every matter and circumstance for which a certificate is expressly provided

for under the Trust Documents, the Conditions or the other Transaction Documents;

- (b) the Auditors or, if applicable, the Insolvency Official (if any) of the Issuer as to the amounts to be paid to Issuer Secured Creditors in accordance with the Post-enforcement Priority of Payment; and
- (c) the Issuer, that the Issuer has sufficient funds to make an optional redemption under the Conditions; as sufficient evidence thereof, and the Bond Trustee shall not be bound in any such case to call for further evidence or be responsible for any liability or inconvenience that may be occasioned by its failing to do so;

- 29.1.7 *Certifications:* this Deed provides that any certificate or report of the Auditors or any other person called for by or provided to the Bond Trustee (whether or not addressed to the Bond Trustee) in accordance with or for the purposes of this Deed may be relied upon by the Bond Trustee as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Bond Trustee in connection therewith contains a monetary or other limit on the liability of the Auditors or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by any engagement or similar letter or by the terms of the certificate or report itself;
- 29.1.8 *No Liability as a result of the delivery of a certificate:* the Bond Trustee shall have no liability whatsoever for any Liability directly or indirectly suffered or incurred by the Issuer, any Bondholder, Couponholder, Secured Creditor or any other person as a result of the delivery by the Bond Trustee to the Issuer of a certificate as to whether the happening of any of the events described in Conditions 12.1(b), (c) and (i) is, in its opinion, materially prejudicial to the interests of Bondholders, on the basis of an opinion formed by it in good faith;
- 29.1.9 *Bonds held by or for the benefit of the Issuer or any other person referred to in the proviso to the definition of outstanding:* in the absence of knowledge or express notice to the contrary, the Bond Trustee may assume without enquiry (other than requesting a certificate of the Issuer) that no Bonds are for the time being held by or for the benefit of the Issuer or any other person referred to in the proviso to the definition of outstanding;
- 29.1.10 *Forged Bonds:* the Bond Trustee shall not be liable to the Issuer or any Bondholder or Couponholder by reason of having accepted as valid or not having rejected any Bond or Coupon as such and subsequently found to be forged or not authentic;
- 29.1.11 *Bond Trustee not responsible for investigations:* the Bond Trustee shall not be responsible for, or for investigating any matter which is the subject of, any recital, statement, representation, warranty or covenant of any person contained in the Trust Documents, the other Transaction Documents, the Bonds or any other agreement or document relating to the transactions herein or therein contemplated or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof and

shall assume the accuracy and correctness thereof nor shall the Bond Trustee, by execution of the Trust Documents, be deemed to make any representation as to the validity, sufficiency or enforceability of either the whole or any part of the Trust Documents; and

- 29.1.12 *Information:* it is a term of the trust created in this Deed, that, except where expressly provided otherwise in the Transaction Documents, the Bond Trustee receives any information provided to it under to the terms of the Transaction Documents for information purposes only and the Bond Trustee will not and is not expected routinely to review or monitor such information.

## **29.2 Bond Trustee's powers and duties**

- 29.2.1 *Bond Trustee's determination:* the Bond Trustee may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of the Trust Documents or contained in the Bonds, Coupons or any other Transaction Document is capable of remedy and/or materially prejudicial to the interests of the Bondholders. If the Bond Trustee shall certify that any such default is, in its opinion, not capable of remedy and/or materially prejudicial to the interests of the Bondholders, such certificate shall, in the absence of manifest error, be conclusive and binding upon the Issuer, the Bondholders, the Couponholders and the other Issuer Secured Creditors;
- 29.2.2 *Events of Default:* the Bond Trustee shall not be bound to give notice to any person of the execution of the Trust Documents or the other Transaction Documents or to take any steps to ascertain whether any Potential Event of Default or Event of Default has happened and, until it shall have actual knowledge or express notice to the contrary, the Bond Trustee shall be entitled to assume that no Potential Event of Default or Event of Default has happened and that the Issuer is observing and performing all the obligations on its part contained in the Bonds, Coupons, the other Transaction Documents and under the Trust Documents and no event has happened as a consequence of which any of the Bonds may become repayable;
- 29.2.3 *Determination of questions:* the Bond Trustee as between itself and the Bondholders, the Couponholders and the other Issuer Secured Creditors shall have full power to determine all questions and doubts arising in relation to any of the provisions of the Trust Documents and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Bond Trustee, shall be conclusive and shall bind the Bond Trustee, the Bondholders, the Couponholders and the other Issuer Secured Creditors;
- 29.2.4 *Bondholders as a Class:* without prejudice to the provisions of Clause 29.2.5 (*Consideration of the interests of the Bondholders and the other Issuer Secured Creditors*) whenever in the Trust Documents the Bond Trustee is required in connection with any exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Bondholders, it shall have regard to the interests of the Bondholders as a class. The Bond Trustee shall not be obliged to have regard to the consequences of such exercise for any individual Bondholder resulting from his or its being for any purpose

domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, any particular territory or taxing jurisdiction;

- 29.2.5 *Consideration of the interests of the Bondholders and the other Issuer Secured Creditors:* the Bond Trustee shall, as regards all the powers, trusts, authorities, duties and discretions vested in it by the Trust Documents, the other Transaction Documents or the Bonds, except where expressly provided otherwise, have regard to the interests of both the Bondholders and the other Issuer Secured Creditors, but if, in the Bond Trustee's sole opinion, there is a conflict between their interests, it will have regard solely to the interests of the Bondholders (except to ensure application of the Issuer's funds upon enforcement in accordance with the Issuer Transaction Documents) and no other Secured Creditor shall have any claim against the Bond Trustee for so doing;
- 29.2.6 *Bond Trustee's discretion:* save as expressly otherwise provided herein or in the other Transaction Documents, the Bond Trustee shall have absolute and uncontrolled discretion as to the exercise or non-exercise as regards all the rights, trusts, powers, authorities and discretions vested in it by the Trust Documents, the other Transaction Documents or by operation of law. The Bond Trustee shall not be responsible for any Liability that may result from the exercise or non-exercise of such discretion, but whenever the Bond Trustee is under the provisions of the Trust Documents bound to act at the request or direction of the Bondholders, the Bond Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security and/or prefunded to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all Liabilities which it may incur by so doing;
- 29.2.7 *Bond Trustee's consent:* any consent given by the Bond Trustee for the purposes of the Trust Documents, the Bonds and the other Transaction Documents may be given on such terms and subject to such Conditions (if any) as the Bond Trustee may require and (notwithstanding any provision to the contrary) may be given retrospectively;
- 29.2.8 *Conversion of currency:* where it is necessary or desirable for any purpose in connection with the Trust Documents to convert any sum from one currency to another it shall (unless otherwise provided by the Trust Documents, the other Transaction Documents or required by law) be converted at such rate or rates, in accordance with such method and as at such date for the determination of such rate of exchange, as may be specified by the Bond Trustee in its absolute discretion as relevant and any rate, method and date so specified shall be binding on the Issuer, the Bondholders, the Couponholders and the other Issuer Secured Creditors;
- 29.2.9 *Application of proceeds:* the Bond Trustee shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Bonds, the exchange of the Temporary Global Bond for the Permanent Global Bond or any Permanent Global Bond for Definitive Bonds or the delivery of any Bond or Coupon to the persons entitled to them;



- 29.2.10 *Error of judgment by employees:* the Bond Trustee shall not be liable for any error of judgment made in good faith by any officer or employee of the Bond Trustee assigned by the Bond Trustee to administer its corporate trust matters;
- 29.2.11 *Agents:* the Bond Trustee may, in the conduct of the trusts created pursuant to the Trust Documents, instead of acting personally, employ and pay an agent on any terms, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Bond Trustee (including the receipt and payment of money) and the Bond Trustee shall not be bound to supervise the proceedings or acts of, and shall not in any way or to any extent be responsible for, any Liability incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder;
- 29.2.12 *Delegation:* the Bond Trustee may, in the execution and exercise of all or any of the trusts, powers, authorities and discretions vested in it by the Trust Documents, act by responsible officers or a responsible officer for the time being of the Bond Trustee and the Bond Trustee may also whenever it thinks fit, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons (whether being a joint trustee of the Trust Documents or not) all or any of the trusts, powers, authorities and discretions vested in it by the Trust Documents. Any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub-delegate with the consent of the Bond Trustee) as the Bond Trustee may think fit in the interests of the Bondholders and the Bond Trustee shall not be bound to supervise the proceedings or acts of, and shall not in any way or to any extent be responsible for any Liability incurred by reason of the misconduct, omission or default on the part of, such delegate or sub-delegate;
- 29.2.13 *Custodians and nominees:* the Bond Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to the Trust Property as the Bond Trustee may determine, including for the purpose of depositing with a custodian this Deed or any document relating to the trusts created by the Trust Documents and the Bond Trustee shall not be responsible for any Liability incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person;
- 29.2.14 *Determination of material prejudice:* the Bond Trustee shall be entitled to assume, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to the Bonds, the Trust Documents or any of the other Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Bondholders if Moody's has confirmed in writing that the then current rating of the Bonds would not be adversely affected by such exercise;
- 29.2.15 *Confidential information:* the Bond Trustee shall not (unless required pursuant to any Requirement of Law or any Regulatory Direction or ordered so to do by a court of competent jurisdiction) be required to disclose to any Bondholder, Couponholder, any other Secured Creditor or any other person

confidential information or other information made available to the Bond Trustee by the Issuer in connection with this Deed or the other Transaction Documents and no Bondholder, Couponholder, other Secured Creditor or any other person shall be entitled to take any action to obtain from the Bond Trustee any such information;

- 29.2.16 *No obligation to monitor performance:* the Bond Trustee shall be under no obligation to monitor or supervise the performance by the Issuer or any of the other Transaction Parties of their respective obligations under the Transaction Documents or under the Bonds or Coupons or any other agreement or document relating to the transactions herein or therein contemplated and shall be entitled, in the absence of actual knowledge of a breach of obligation, to assume that each such person is properly performing and complying with its obligations;
- 29.2.17 *Maintenance of Rating:* the Bond Trustee shall not be responsible for the maintenance of the Ratings;
- 29.2.18 *Illegality:* notwithstanding anything else contained in the Trust Documents or the other Transaction Documents, the Bond Trustee may refrain from doing anything which would or might in its opinion be contrary to any law of any jurisdiction or any directive or regulation of any agency of any state or which would or might otherwise render it liable to any person and may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation;
- 29.2.19 *Direction of Lender:* in circumstances where the Bond Trustee is entitled to direct the exercise by the Issuer (in its capacity as Lender) of any rights arising pursuant to the Security Trust Deed, the Bond Trustee may convene a meeting of Bondholders in order to take instructions as to the way in which any such rights should be exercised; and
- 29.2.20 *Responsibility for determination of certain matters:* the Bond Trustee acknowledges that the Issuer is responsible pursuant to the Conditions for determining the amount of (i) any payment of principal in relation to the Bonds, (ii) the outstanding principal amount and (iii) the amount of interest due on the Bonds and the Bond Trustee shall have no responsibility to recalculate any such amounts notwithstanding a manifest error therein. If the Issuer does not at any time for any reason determine such amounts, the Bond Trustee may in its absolute discretion so determine the same and such calculation shall be deemed to have been made by the Issuer pursuant to the Conditions and the Bond Trustee shall have no liability in respect thereof other than as a result of the fraud, gross negligence or wilful default of the Bond Trustee.

### 29.3 Financial matters

- 29.3.1 *Professional charges:* any trustee being a banker, lawyer, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or his partner or firm on matters arising in connection with the

trusts of the Trust Documents and also his properly incurred charges in addition to disbursements for all other work and business done and all time spent by him or his partner or firm on matters arising in connection with the Trust Documents, including matters which might or should have been attended to in person by a trustee not being a banker, lawyer, broker or other professional person;

- 29.3.2 *Expenditure by the Bond Trustee:* the Bond Trustee may refrain from taking any action or exercising any right, power, authority or discretion vested in it under the Trust Documents, any other Transaction Document, the Issuer Charged Property or any other agreement relating to the transactions herein or therein contemplated or from taking any action to enforce the Issuer Security until it has been indemnified and/or secured and/or prefunded to its satisfaction against any and all Liabilities which might be brought, made or conferred against or suffered, incurred or sustained by it as a result (which may include payment on account). Nothing contained in the Trust Documents or the other Transaction Documents shall require the Bond Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it;
- 29.3.3 *Deductions and withholdings:* notwithstanding anything contained in the Trust Documents, to the extent required by applicable law, if the Bond Trustee is required to make any deduction or withholding from any distribution or payment made by it under the Trust Documents (other than in connection with its remuneration as provided for herein) or if the Bond Trustee is otherwise charged to, or may become liable to, Tax as a consequence of performing its duties under the Trust Documents or the other Transaction Documents, then the Bond Trustee shall be entitled to make such deduction or withholding or (as the case may be) to retain out of sums received by it an amount sufficient to discharge any liability to Tax which relates to sums so received or distributed or to discharge any such other liability of the Bond Trustee to Tax from the funds held by the Bond Trustee on the trusts of the Trust Documents;
- 29.3.4 *Bond Trustee may enter into financial transactions:* no Bond Trustee and no director or officer of any corporation being a Bond Trustee hereof shall by reason of the fiduciary position of such Bond Trustee be in any way precluded from making any contracts or entering into any transactions in the ordinary course of business with the Issuer or any other Transaction Party or any person or body corporate directly or indirectly associated with the Issuer or such other party, or from accepting the trusteeship of any other debenture stock, debentures or securities of the Issuer or such other party or any person or body corporate directly or indirectly associated with the Issuer or such other party. Neither the Bond Trustee nor any director or officer of any corporation being a Bond Trustee shall be accountable to the Bondholders, the other Issuer Secured Creditors, the Issuer or any other Transaction Party or any person or body corporate directly or indirectly associated with the Issuer or any such other Transaction Party for any profit, fees, commissions, interest, discounts or

share of brokerage earned, arising or resulting from any such contracts or transactions and the Bond Trustee and any such director or officer shall also be at liberty to retain the same for its or his own benefit; and

29.3.5 *Bondholder appraisal of financial Condition:* each Bondholder and each other Bond Secured Creditor shall be solely responsible for making its own independent appraisal of, and investigation into, the financial condition, creditworthiness, affairs, status and nature of the Issuer and the Bond Trustee shall not at any time have any responsibility for any such appraisal or investigation and no Bondholder or other Issuer Secured Creditors shall rely on the Bond Trustee in respect thereof.

29.3.6 *Accounting policies:* further to clause 14.5.4 of the Loan Agreement, the Issuer (in its capacity as Lender) shall not consent to any adjustment or amendment of the Interest Cover Test (as defined in clause 14.4.1 of the Loan Agreement) without the prior written consent of the Bond Trustee. For the purposes of giving its consent, the Bond Trustee shall be entitled to rely without further enquiry upon a certificate from the Borrowers' auditors certifying, in form and substance satisfactory to the Bond Trustee, that in the opinion of such auditors the financial figures contained in the Interest Cover Test and extracted from the audited financial statements after such adjustment and/or amendment reflect the equivalent accounting definitions to the financial figures extracted from the audited financial statements prior to such adjustment and/or amendment and prior to such change in accounting principles or policies.

#### 29.4 **Matters Relating to Issuer Security**

29.4.1 *Reliance on title to the Issuer Security:* the Bond Trustee may accept without investigation, requisition or objection such right and title as the Issuer may have to any of the Issuer Charged Property and the other Issuer Security created in favour of the Bond Trustee by the Trust Documents and shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer to all or any of the Issuer Charged Property and the other Issuer Security whether such defect or failure was known to the Bond Trustee or might have been discovered upon examination or enquiry and whether capable of remedy or not;

29.4.2 *Registration and perfection of the Issuer Security:* the Bond Trustee shall not be liable for any failure, omission or defect in perfecting, protecting or further assuring the Issuer Security including:

- (a) any failure, omission or defect in registering or filing or procuring registration or filing of, or otherwise protecting or perfecting the Issuer Security or the priority thereof or the right or title of any person in or to the assets comprised in the Issuer Security; and
- (b) any failure or omission to require any further assurances in relation to the Issuer Security;

29.4.3 *Adequacy of the Issuer Security:* the Bond Trustee shall not be responsible for any unsuitability, inadequacy or unfitness of any Issuer Charged Property as

security for the Secured Amounts and shall not be obliged to make any investigation into, and shall be entitled to assume, the suitability, adequacy and fitness of the Issuer Charged Property as security for the Secured Amounts;

- 29.4.4 *Monitoring:* the Bond Trustee shall not be responsible for investigating, monitoring or supervising the observance or performance by any person of its obligations in respect of the Issuer Charged Property or otherwise;
- 29.4.5 *No responsibility for Issuer Security:* the Bond Trustee shall not be responsible for any Liabilities occasioned to the Issuer Security however caused, whether by an act or omission of any other party to the Transaction Documents or any other person (including any bank, broker, depositary, or other intermediary or any clearing system or operator thereof) acting in accordance with or contrary to the provisions of any of the Transaction Documents or otherwise and irrespective of whether the Issuer Security is held by or to the order of any of such persons;
- 29.4.6 *Insurance:* without prejudice to the provisions of any Transaction Document relating to insurance, the Bond Trustee shall not be under any obligation to insure any of the Issuer Security or any deeds or documents of title or other evidence in respect of the Issuer Security or to require any other person to maintain any such insurance or monitor the adequacy of any such insurance and shall not be responsible for any Liability which may be suffered by any person as a result of the lack of or inadequacy of any such insurance;
- 29.4.7 *Depreciation in value:* until the delivery of an Acceleration Notice, the moneys standing to the credit of any account comprised in the Issuer Charged Property shall be dealt with in accordance with the provisions of the Transaction Documents and the Bond Trustee shall not be responsible in such circumstances or at any other time for any Liability suffered by any person, whether by reason of depreciation in value or by fluctuation in exchange rates or otherwise;
- 29.4.8 *No liability for loss:* the Bond Trustee will not be liable for any decline in the value nor any loss realised upon any sale or other disposition pursuant to the Trust Documents of, any of the Issuer Charged Property. In particular and without limitation, the Bond Trustee shall not be liable for any such decline or loss directly or indirectly arising from its acting or failing to act as a consequence of an opinion reached by it in good faith based on advice received by it in accordance with the Trust Documents and the Conditions; and
- 29.4.9 *Liability to Tax:* the Bond Trustee shall have no responsibility whatsoever to the Issuer, any Bondholder, Couponholder or other Issuer Secured Creditors as regards any deficiency which might arise because the Bond Trustee is subject to any Tax in respect of all or any of the Issuer Charged Property, the income therefrom or the proceeds thereof.

## **29.5 Trustee Liability**

Subject to Sections 750 and 751 of the Companies Act 2006 (if applicable) and notwithstanding anything to the contrary in the Transaction Documents, the Bond Trustee shall not be liable to any person for any matter or thing done or omitted in any way in connection with or in relation to the Transaction Documents save in relation to its own gross negligence, wilful default or fraud.

## **29.6 Disapplication**

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Bond Trustee in relation to the trusts constituted by the Trust Documents. Where there are any inconsistencies between the Trustee Acts and the provisions of the Trust Documents, the provisions of the Trust Documents shall, to the extent allowed by law, prevail and, in the case of any such inconsistency with the Trustee Act 2000, the provisions of the Trust Documents shall constitute a restriction or exclusion for the purposes of that Act.

## **30. REMUNERATION**

### **30.1 Normal Remuneration**

The Issuer shall pay to the Bond Trustee remuneration for its services as trustee as from the date of this Deed, such remuneration to be at such rate as may from time to time be agreed between the Issuer and the Bond Trustee. Such remuneration shall accrue from day to day and be payable in accordance with the Payments Priorities until the trusts of the Trust Documents are discharged.

### **30.2 Remuneration for further issues**

Upon the issue of any further bonds, the rate of remuneration in force immediately prior to such issue shall be increased by an amount, as may from time to time be agreed between the Issuer and the Bond Trustee, such increased remuneration shall take effect from the related closing date of the further issuance.

### **30.3 Extra Remuneration**

In the event of the occurrence of a Potential Event of Default or an Event of Default or the Bond Trustee considering it expedient, or necessary or being requested by the Issuer to undertake duties which the Bond Trustee and the Issuer agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Bond Trustee under the Trust Documents, the Issuer shall pay to the Bond Trustee such additional remuneration as shall be agreed between them.

### **30.4 Value Added Tax**

The Issuer shall in addition pay to the Bond Trustee an amount of any VAT chargeable in respect of its remuneration under this Deed.

### **30.5 Failure to agree**

In the event of the Bond Trustee and the Issuer failing to agree:

- 30.5.1 (in a case to which Clause 30.1 (*Normal Remuneration*) or Clause 30.2 (*Remuneration for further issues*) applies) upon the amount of the remuneration; or
- 30.5.2 (in a case to which Clause 30.2 (*Remuneration for further issues*) applies) upon whether such duties shall be of an exceptional nature or otherwise outside the scope of the normal duties of the Bond Trustee under the Trust Documents or upon such additional remuneration,

such matters shall be determined by an investment bank (acting as an expert and not as an arbitrator) selected by the Bond Trustee and approved by the Issuer or, failing such approval, nominated (on the application of the Bond Trustee) by the President for the time being of The Law Society of England and Wales (the expenses involved in such nomination and the fees of such investment bank being payable by the Issuer) and the determination of any such investment bank shall be final and binding upon the Bond Trustee and the Issuer.

### **30.6 Expenses**

The Issuer shall also pay or discharge all properly incurred costs, charges and expenses incurred by the Bond Trustee and (if applicable) the Receiver in relation to the preparation and execution of, the exercise of its powers and the performance of its duties under, and in any other manner in relation to, the Trust Documents and the other Transaction Documents, including but not limited to legal and travelling expenses and any stamp, issue, registration, documentary and other taxes or duties paid or payable by the Bond Trustee in connection with any action taken or contemplated by or on behalf of the Bond Trustee for enforcing, or resolving any doubt concerning, or for any other purpose in relation to, the Trust Documents or the other Transaction Documents.

### **30.7 Indemnity**

The Issuer covenants with and undertakes to the Bond Trustee to indemnify the Bond Trustee on demand against any Liabilities which are incurred by the Bond Trustee, any Receiver or any Appointee or any other person appointed by the Bond Trustee under the Trust Documents to whom any right, trust, power, authority or discretion may be delegated by the Bond Trustee in the execution, or the purported execution, of the trusts, powers, authorities and discretions vested in it by the Trust Documents, in, or in connection with:

- 30.7.1 the performance of the terms of the Trust Documents; or
- 30.7.2 anything done or purported to be done by the Bond Trustee, any Appointee or the Receiver in relation to the Issuer Charged Property or under the Trust Documents or any other Transaction Document; or
- 30.7.3 the exercise or attempted exercise by or on behalf of the Bond Trustee, any Appointee or the Receiver of any of the powers of the Bond Trustee, any

Appointee or the Receiver or any other action taken by or on behalf of the Bond Trustee with a view to or in connection with enforcing any obligations of the Issuer or any other person under any Transaction Document or the recovery by the Bond Trustee, any Appointee or the Receiver from the Issuer of the Secured Amounts; or

- 30.7.4 any payment made in respect of the Secured Amounts (whether by the Issuer or any other person) which is subsequently impeached or declared void for any reason whatsoever.

### **30.8 Priority of Indemnity**

The Bond Trustee and the Receiver shall be entitled to be indemnified out of the Issuer Charged Property against all Liabilities payable pursuant to Clause 30.7 (*Indemnity*) in accordance with the Payment Priorities and, if after the delivery of an Acceleration Notice, in accordance with the Post-enforcement Priority of Payment, and the Bond Trustee may retain and pay out of the monies in its hands arising from the Issuer Charged Property all sums necessary to effect such indemnity.

### **30.9 Payment of amounts due**

- 30.9.1 All amounts due and payable pursuant to Clauses 30.6 (*Expenses*) and 30.7 (*Indemnity*) shall be payable by the Issuer on the date specified in a demand by the Bond Trustee. The rate of interest applicable to such payments shall be two per cent. per annum above the base rate from time to time of HSBC Bank PLC and interest shall accrue:

- (a) in the case of payments made by the Bond Trustee prior to the date of the demand, from the date on which the payment was made or such later date as specified in such demand; and
- (b) in the case of payments made by the Bond Trustee on or after the date of the demand, from the date specified in such demand, which date shall not be a date earlier than the date such payments are made.

- 30.9.2 All remuneration payable to the Bond Trustee shall carry interest at the rate specified in Clause 30.9.1 from the due date thereof.

### **30.10 Discharges**

Unless otherwise specifically stated in any discharge of the Trust Documents the provisions of Clause 30 (*Remuneration*) shall continue in full force and effect notwithstanding such discharge and whether or not the Bond Trustee is then the trustee of this Deed.

### **30.11 Indemnities separate**

The indemnities in this Bond Trust Deed constitute separate and independent obligations from the other obligations in this Bond Trust Deed, will give rise to separate and independent causes of action, will apply irrespective of any indulgence granted by the Bond Trustee and/or any Bondholder or Couponholder and will continue in full force and effect despite any judgment, order, claim or proof for a



liquidated amount in respect of any sum due under this Bond Trust Deed or the Bonds and/or the Coupons or any other judgment or order. Any such Liability as referred to in Clause 30.7 (*Indemnity*) shall be deemed to constitute a Liability suffered by the Bond Trustee, the Bondholders and Couponholders and no proof or evidence of any actual Liability shall be required by the Issuer or its liquidator or liquidators.

**31. APPOINTMENT OF BOND TRUSTEES**

The power of appointing new trustees of the Trust Documents shall be vested in the Issuer, but no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution. One or more persons may hold office as trustee or trustees of the Trust Documents, **provided that** such trustee or trustees shall be (if there is only one) or include (if there is more than one) a Trust Corporation.

**32. NOTICE OF A NEW BOND TRUSTEE**

Any appointment of a new trustee of the Trust Documents shall, as soon as practicable thereafter, be notified by the Issuer to the Paying Agents, the Bondholders and the other Issuer Secured Creditors. The Bondholders shall together have the power, exercisable by Extraordinary Resolution, to remove any trustee or trustees for the time being hereof. The removal of any trustee shall not become effective unless there remains a trustee hereof (being a Trust Corporation) in office after such removal.

**33. SEPARATE AND CO-TRUSTEES**

Notwithstanding the provisions of Clause 31 (*Appointment of Bond Trustees*), the Bond Trustee may, upon giving prior notice to the Issuer (but without the consent of the Issuer, the Bondholders or any other Bond Secured Creditor), appoint any person established or resident in any jurisdiction (whether a Trust Corporation or not) to act either as a separate trustee or as a co-trustee jointly with the Bond Trustee:

- 33.1.1 if the Bond Trustee considers such appointment to be in the interests of the Bondholders and the other Issuer Secured Creditors; or
- 33.1.2 for the purposes of conforming to any legal requirements, restrictions or Conditions in any jurisdiction in which any particular act or acts are to be performed; or
- 33.1.3 for the purposes of obtaining a judgment against the Issuer in any jurisdiction or the enforcement in any jurisdiction either of a judgment already obtained against the Issuer or of the Trust Documents or any other Transaction Document.

**34. APPOINTMENT, REMOVAL, REMUNERATION OF SEPARATE/CO-TRUSTEE**

The Issuer hereby irrevocably appoints the Bond Trustee to be its attorney in its name and on its behalf to execute any instrument of appointment of a separate or co-trustee pursuant to Clause 33 (*Separate and Co-trustees*). Such a person shall (subject always to the provisions of the Trust Documents) have such rights, trusts, powers, authorities and discretions (not exceeding those conferred on the Bond Trustee by the Trust

Documents) and such duties and obligations as shall be conferred on such person or imposed by the instrument of appointment. The Bond Trustee shall have the power in like manner to remove any such person. Such proper remuneration as the Bond Trustee may pay to any such person, together with any attributable Liabilities incurred by it in performing its function as such separate trustee or co-trustee, shall for the purposes of the Trust Documents be treated as Liabilities incurred by the Bond Trustee.

**35. RETIREMENT AND REMOVAL OF BOND TRUSTEES**

Any Bond Trustee for the time being of the Trust Documents may retire at any time upon giving not less than three calendar months notice in writing to the Issuer without assigning any reason therefor and without being responsible for any Liabilities occasioned by such retirement. The Issuer shall have the power, subject to approval by an Extraordinary Resolution, to remove any trustee or trustees hereof. The retirement or removal of any Bond Trustee shall not become effective unless there remains a trustee hereof (being a Trust Corporation) in office after such retirement or removal. The Issuer covenants that, in the event of the sole trustee or the only trustee hereof which is a Trust Corporation giving notice under this Clause 35 (*Retirement of Bond Trustees*), it shall use all reasonable endeavours to procure a new trustee, being a Trust Corporation, to be appointed. If the Issuer has not appointed a new trustee prior to the expiry of the notice period given by the Bond Trustee, the Bond Trustee shall be entitled to nominate a replacement, being a Trust Corporation.

**36. COMPETENCE OF A MAJORITY OF BOND TRUSTEES**

Whenever there shall be more than two trustees hereof the majority of such trustees shall (provided such majority includes a Trust Corporation) be competent to execute and exercise all the trusts, powers, authorities and discretions vested by the Trust Documents in the Bond Trustee generally.

**37. POWERS ADDITIONAL**

The powers conferred by the Trust Documents upon the Bond Trustee shall be in addition to any powers which may from time to time be vested in it by general law or as the holder of any of the Bonds or Coupons.

**38. MERGER**

Any corporation into which the Bond Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Bond Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Bond Trustee, shall be the successor of the Bond Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Clause 38 (*Merger*), without the execution or filing of any paper or any further act on the part of any of the parties hereto.

**SCHEDULE 1**  
**FORM OF TEMPORARY GLOBAL BOND**

ISIN: XS1131276864  
Common Code: 113127686

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.

**YORKSHIRE HOUSING FINANCE PLC**

*(incorporated under the laws of England and Wales with limited liability under the Companies Act 2006 with registration number 9227343)*

**£200,000,000**

**4.125 per cent. Secured Bonds due 2044**

**TEMPORARY GLOBAL BOND**

**1. INTRODUCTION**

This Temporary Global Bond is issued in respect of the above captioned Bonds. The Bonds are subject to, and have the benefit of, the Bond Trust Deed and are the subject of the Paying Agency Agreement and the other Transaction Documents.

**2. INTERPRETATION**

**2.1 References to Conditions**

Any reference herein to the "**Conditions**" is to the terms and conditions of the Bonds set out in Schedule III hereto and any reference to a numbered "**Condition**" is to the correspondingly numbered provision thereof.

**2.2 Definitions**

In this Temporary Global Bond, unless otherwise defined herein or the context requires otherwise, words and expressions have the meanings and constructions ascribed to them in the Conditions.

**3. PROMISE TO PAY**

The Issuer, for value received, promises to pay to the bearer of this Temporary Global Bond the outstanding principal amount of:

**£200,000,000**

**(TWO HUNDRED MILLION POUNDS STERLING)**

on the dates and in the amounts specified in the Conditions or on such earlier date or dates as the same may become payable in accordance with the Conditions, and to pay interest on such principal sum in arrear on the dates and at the rate specified in the

Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions, **provided that** such interest shall be payable only:

- 3.1 in the case of interest falling due before the Exchange Date (as defined below), to the extent that a certificate or certificates issued by Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream, Luxembourg**", together with Euroclear, the international central securities depositories or "**ICSDs**") dated not earlier than the date on which such interest falls due and in substantially the form set out in Schedule II hereto is/are delivered to the Specified Office (as defined in the Conditions) of the Principal Paying Agent; or
- 3.2 in the case of interest falling due at any time, to the extent that the Issuer has failed to procure the exchange for a Permanent Global Bond of that portion of this Temporary Global Bond in respect of which such interest has accrued.

3.3 **Principal Amount**

The principal amount of Bonds represented by this Temporary Global Bond shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression in this Temporary Global Bond means the records that each ICSD holds for its customers which reflect the amount of such customers' interests in the Bonds (but excluding any interest in any Bonds of one ICSD shown in the records of another ICSD)) shall be conclusive evidence of the principal amount of Bonds represented by this Temporary Global Bond and, for these purposes, a statement issued by an ICSD (which statement shall be made available to the bearer upon request) stating the principal amount of Bonds represented by this Temporary Global Bond at any time shall be conclusive evidence of the records of the ICSD at that time.

4. **NEGOTIABILITY**

This Temporary Global Bond is negotiable and, accordingly, title to this Temporary Global Bond shall pass by delivery.

5. **EXCHANGE**

5.1 **Delivery of Permanent Global Bond**

On or after the day following the expiry of 40 days after the date of issue of this Temporary Global Bond (the "**Exchange Date**"), the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Bond to the bearer of this Temporary Global Bond or (in the case of any subsequent exchange) an increase in the outstanding principal amount of the Permanent Global Bond in accordance with its terms against:

- 5.1.1 presentation and (in the case of final exchange) surrender of this Temporary Global Bond at the Specified Office of the Principal Paying Agent; and
- 5.1.2 receipt by the Principal Paying Agent of a certificate or certificates issued by Euroclear and/or Clearstream, Luxembourg dated not earlier than the Exchange Date and in substantially the form set out in Schedule III hereto.

## **6. WRITING DOWN**

On each occasion on which:

- 6.1 the Permanent Global Bond is delivered; or
- 6.2 the outstanding principal amount thereof is increased in accordance with its terms in exchange for a further portion of this Temporary Global Bond; or
- 6.3 Bonds represented by this Temporary Global Bond are to be cancelled in accordance with Condition 9 (*Redemption and Purchase*),

the Issuer shall procure that details of the exchange or cancellation shall be entered *pro rata* in the records of the ICSDs.

## **7. PAYMENTS**

### **7.1 Recording of Payments**

Upon any payment being made in respect of the Bonds represented by this Temporary Global Bond, the Issuer shall procure that details of such payment shall be entered *pro rata* in the records of the ICSDs and, in the case of any payment of principal, the principal amount of the Bonds entered in the records of ICSDs and represented by this Temporary Global Bond shall be reduced by the principal amount so paid.

### **7.2 Discharge of Issuer's obligations**

Payments due in respect of Bonds for the time being represented by this Temporary Global Bond shall be made to the bearer of this Temporary Global Bond and each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries referred to above shall not affect such discharge.

## **8. CONDITIONS APPLY**

Until this Temporary Global Bond has been exchanged as provided herein or cancelled in accordance with the Paying Agency Agreement, the bearer of this Temporary Global Bond shall be subject to the Conditions and, subject as otherwise provided herein, shall be entitled to the same rights and benefits under the Conditions as if the bearer were the holder of Bonds in definitive form in substantially the form set out in Part A (*Form of Definitive Bond*) of Schedule 3 of the Bond Trust Deed and any related Coupons and Talons in the smallest specified denomination and in an aggregate principal amount equal to the principal amount of this Temporary Global Bond.

## **9. NOTICES**

Notwithstanding Condition 15 (*Notices*), while all the Bonds are represented by this Temporary Global Bond (or by this Temporary Global Bond and the Permanent Global Bond) and this Temporary Global Bond is (or this Temporary Global Bond and the Permanent Global Bond are) deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Bondholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any

such case, such notices shall be deemed to have been given to the Bondholders in accordance with Condition 15 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

**10. AUTHENTICATION**

This Temporary Global Bond shall not be valid for any purpose until it has been authenticated for and on behalf of the Principal Paying Agent.

**11. EFFECTUATION**

This Temporary Global Bond shall not be valid for any purpose until it has been effectuated for and on behalf of the entity appointed as common safekeeper by the ICSDs.

**12. GOVERNING LAW**

This Temporary Global Bond and any non-contractual obligations arising out of or connection with it are governed by English law.

**AS WITNESS** the [manual/facsimile] signature of a duly authorised person on behalf of the Issuer.

**YORKSHIRE HOUSING FINANCE PLC**

By: .....  
[*manual signature*]  
(*duly authorised*)

**ISSUED** on 31 October 2014

**AUTHENTICATED** for and on behalf of  
**CITIBANK N.A., LONDON BRANCH**  
as Principal Paying Agent  
without recourse, warranty or liability

By: .....  
[*manual signature*]  
(*duly authorised*)

**EFFECTUATED** for and on behalf of  
**CLEARSTREAM BANKING, SOCIÉTÉ ANONYME, LUXEMBOURG**  
as common safekeeper without  
recourse, warranty or liability

By: .....  
[*manual signature*]  
(*duly authorised*)

**Schedule I**  
**Form of Accountholder's Certification**

**YORKSHIRE HOUSING FINANCE PLC**

*(incorporated under the laws of England and Wales with limited liability under the  
Companies Act 2006 with registration number 9227343)*

**£200,000,000**

**4.125 per cent. Secured Bonds due 2044**

This is to certify that as of the date hereof, and except as set forth below, the above-captioned Securities held by you for our account (a) are owned by persons that are not citizens or residents of the United States, domestic partnerships, domestic corporations or any estate or trust the income of which is subject to United States Federal income taxation regardless of its source ("**United States persons**"), (b) are owned by United States person(s) that (i) are foreign branches of a United States financial institution (as defined in U.S. Treasury Regulations Section 1.165-12(c)(1)(iv)) ("**financial institutions**") purchasing for their own account or for resale, or (b) acquired the Securities through foreign branches of United States financial institutions and who hold the Securities through such United States financial institutions on the date hereof (and in either case (i) or (ii), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise the issuer or the issuer's agent that it will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (c) are owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), and in addition if the owner of the Securities is a United States or foreign financial institution described in Clause (c) (whether or not also described in Clause (a) or (b)) this is to further certify that such financial institution has not acquired the Securities for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

If the Securities are of the category contemplated in Section 903(b)(3) of Regulation S under the Securities Act of 1933, as amended (the "**Act**"), then this is also to certify that, except as set forth below, the Securities are beneficially owned by (1) non-U.S. person(s) or (2) U.S. person(s) who purchased the Securities in transactions which did not require registration under the Act. As used in this Paragraph the term "**U.S. person**" has the meaning given to it by Regulation S under the Act.

As used herein, "**United States**" means the United States of America (including the States and the District of Columbia); and its "**possessions**" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by tested telex on or prior to the date on which you intend to submit your certification relating to the Securities held by you for our account in accordance with your operating procedures if any applicable statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certification excepts and does not relate to £[\*] of such interest in the above Securities in respect of which we are not able to certify and as to which we understand exchange and

delivery of definitive Securities (or, if relevant, exercise of any rights or collection of any interest) cannot be made until we do so certify.

We understand that this certification is required in connection with certain tax laws and, if applicable, certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with which this certification is or would be relevant, we irrevocably authorise you to produce this certification to any interested party in such proceedings.

Dated: [●] 20[●]<sup>1</sup>

**[name of account holder]  
as, or as agent for,  
the beneficial owner(s) of the Securities  
to which this certificate relates.**

By: .....  
*Authorised signatory*

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<sup>1</sup> To be dated not earlier than 15 days prior to (a) the Interest Payment Date before the Exchange Date or (b) the date of exchange for either a Permanent Global Bond or Definitive Bond.



**Schedule II**  
**Form of Euroclear/Clearstream, Luxembourg Certification**

**YORKSHIRE HOUSING FINANCE PLC**

*(incorporated under the laws of England and Wales with limited liability under the  
Companies Act 2006 with registration number 9227343)*

**£200,000,000**

**4.125 per cent. Secured Bonds due 2044**

This is to certify that, based solely on certifications we have received in writing, by tested telex or by electronic transmission from member organisations appearing in our records as persons being entitled to a portion of the outstanding principal amount set forth below (our "**Member Organisations**") substantially to the effect set forth in Schedule I of the Temporary Global Bond issued in respect of the securities, as of the date hereof, £[•] outstanding principal amount of the above-captioned Securities (a) is owned by persons that are not citizens or residents of the United States, domestic partnerships, domestic corporations or any estate or trust the income of which is subject to United States Federal income taxation regardless of its source ("**United States persons**"), (b) is owned by United States persons that (i) are foreign branches of United States financial institutions (as defined in U.S. Treasury Regulations Section 1.165-12(c)(1)(iv)) ("**financial institutions**") purchasing for their own account or for resale, or (ii) acquired the Securities through foreign branches of United States financial institutions and who hold the Securities through such United States financial institutions on the date hereof (and in either case (i) or (ii), each such United States financial institution has agreed, on its own behalf or through its agent, that we may advise the Issuer or the Issuer's agent that it will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (c) is owned by United States or foreign financial institutions for purposes of resale during the restricted period (as defined in U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), and to the further effect that United States or foreign financial institutions described in Clause (c) (whether or not also described in Clause (a) or (b)) have certified that they have not acquired the Securities for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

If the Securities are of the category contemplated in Section 903(b)(3) of Regulation S under the Securities Act of 1933, as amended (the "**Act**"), then this is also to certify with respect to the outstanding principal amount of Securities set forth above that, except as set forth below, we have received in writing, by tested telex or by electronic transmission, from our Member Organisations entitled to a portion of such outstanding principal amount, certifications with respect to such portion substantially to the effect set forth in the Temporary Global Bond issued in respect of the Securities.

We further certify (1) that we are not making available herewith for exchange (or, if relevant, exercise of any rights or collection of any interest) any portion of the temporary global security excepted in such certifications and (2) that as of the date hereof we have not received any notification from any of our Member Organisations to the effect that the statements made by such Member Organisations with respect to any portion of the part submitted herewith for exchange (or, if relevant, exercise of any rights or collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax laws and, if applicable, certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with which this certification is or would be relevant, we irrevocably authorise you to produce this certification to any interested party in such proceedings.

Dated: [●] 20[●]<sup>2</sup>

**Euroclear Bank SA/NV**

*or*

**Clearstream Banking, société anonyme, Luxembourg**

By: .....  
*Authorised signatory*

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<sup>2</sup> To be dated on (a) the Interest Payment Date or (b) the date of the exchange for a Permanent Global Bond or Definitive Bond.

**Schedule III**  
**Terms and Conditions of the Bonds**

[As set out in Schedule 4]

**SCHEDULE 2**  
**FORM OF PERMANENT GLOBAL BOND**

ISIN: XS1131276864  
Common Code: 113127686

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.

**YORKSHIRE HOUSING FINANCE PLC**

*(incorporated under the laws of England and Wales with limited liability under the Companies Act 2006 with registration number 9227343)*

**£200,000,000**

**4.125 per cent. Secured Bonds due 2044**

**PERMANENT GLOBAL BOND**

**1. INTRODUCTION**

This Permanent Global Bond is issued in respect of the above captioned Bonds. The Bonds are subject to, and have the benefit of, the Bond Trust Deed and are the subject of the Paying Agency Agreement and the other Transaction Documents.

**2. INTERPRETATION**

**2.1 References to Conditions**

Any reference herein to the "**Conditions**" is to the terms and conditions of the Bonds set out in Schedule II hereto and any reference to a numbered "**Condition**" is to the correspondingly numbered provision thereof.

**2.2 Definitions**

In this Permanent Global Bond, unless otherwise defined herein or the context requires otherwise, words and expressions have the meanings and constructions ascribed to them in the Conditions.

**3. PROMISE TO PAY**

**3.1 Pay to bearer**

The Issuer, for value received, promises to pay to the bearer of this Permanent Global Bond, in respect of each Bond represented by this Permanent Global Bond, its principal amount on 31 October 2044 or on such earlier date or dates as the same may become payable in accordance with the Conditions, and to pay interest on such principal sum in arrear on the dates and at the rate specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

### 3.2 **Principal Amount**

The principal amount of Bonds represented by this Permanent Global Bond shall be the aggregate amount from time to time entered in the records of both Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream, Luxembourg**" and, together with Euroclear, the international central securities depositories or "**ICSDs**"). The records of the ICSDs (which expression in this Permanent Global Bond means the records that each ICSD holds for its customers which reflect the amount of such customers' interests in the Bonds (but excluding any interest in any Bonds of one ICSD shown in the records of another ICSD)) shall be conclusive evidence of the principal amount of Bonds represented by this Permanent Global Bond and, for these purposes, a statement issued by an ICSD (which statement shall be made available to the bearer upon request) stating the principal amount of Bonds represented by this Permanent Global Bond at any time shall be conclusive evidence of the records of the ICSD at that time.

### 4. **NEGOTIABILITY**

This Permanent Global Bond is negotiable and, accordingly, title to this Permanent Global Bond shall pass by delivery.

### 5. **EXCHANGE**

This Permanent Global Bond will be exchanged, in whole but not in part only, for Definitive Bonds in the denominations of £100,000 (and integral multiples of £1,000 in excess thereof up to and including £199,000 and with interest coupons attached) at the request of the bearer of the Permanent Global Bond against presentation and surrender of the Permanent Global Bond to the Principal Paying Agent (or, in the case of 5.1.3 below, at the request of the Issuer) if any of the following events (each, an "**Exchange Event**") occurs:

- 5.1.1 an Event of Default (as defined in Condition 12 (*Events of Default and Enforcement*)) has occurred and is continuing, or
- 5.1.2 the Issuer has been notified that Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or have in fact done so and no successor clearing system is available; or
- 5.1.3 the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bonds represented by this Permanent Global Bond in definitive form.

### 6. **DELIVERY OF DEFINITIVE BONDS**

Whenever this Permanent Global Bond is to be exchanged for Definitive Bonds, the Issuer shall procure the prompt delivery of such Definitive Bonds, duly authenticated and with Coupons and Talons attached, in an aggregate outstanding principal amount equal to the outstanding principal amount of this Permanent Global Bond to the bearer of this Permanent Global Bond against the surrender of this Permanent Global Bond

at the Specified Office of the Principal Paying Agent within 45 days of the date of receipt of the notice first requesting exchange by the Principal Paying Agent.

**7. WRITING DOWN**

On each occasion on which:

- 7.1 a payment of principal is made in respect of this Permanent Global Bond;
- 7.2 Definitive Bonds are delivered; or
- 7.3 Bonds represented by this Permanent Global Bond are to be cancelled in accordance with Condition 9 (*Redemption and Purchase*),

the Issuer shall procure that details of the exchange or cancellation shall be entered *pro rata* in the records of the ICSDs.

**8. WRITING UP**

**8.1 Initial Exchange**

If this Permanent Global Bond was originally issued in exchange for part only of a Temporary Global Bond representing the Bonds, then all references in this Permanent Global Bond to the principal amount of Bonds represented by this Permanent Global Bond shall be construed as references to the principal amount of Bonds represented by the part of the Temporary Global Bond in exchange for which this Permanent Global Bond was originally issued which the Issuer shall procure is entered by the ICSDs in their records.

**8.2 Subsequent Exchange**

If at any subsequent time any further portion of such Temporary Global Bond is exchanged for an interest in this Permanent Global Bond, the principal amount of Bonds represented by this Permanent Global Bond shall be increased by the amount of such further portion, and the Issuer shall procure that the principal amount of Bonds represented by this Permanent Global Bond (which shall be the previous principal amount of Bonds represented by this Permanent Global Bond *plus* the amount of such further portion) is entered by the ICSDs in their records.

**9. PAYMENTS**

**9.1 Recording of Payments**

Upon any payment being made in respect of the Bonds represented by this Permanent Global Bond, the Issuer shall procure that details of such payment shall be entered *pro rata* in the records of the ICSDs and, in the case of any payment of principal, the principal amount of the Bonds entered in the records of ICSDs and represented by this Permanent Global Bond shall be reduced by the principal amount so paid.

**9.2 Discharge of Issuer's obligations**

Payments due in respect of Bonds for the time being represented by this Permanent Global Bond shall be made to the bearer of this Permanent Global Bond and each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries referred to above shall not affect such discharge.

**10. CONDITIONS APPLY**

Until this Permanent Global Bond has been exchanged as provided herein or cancelled in accordance with the Paying Agency Agreement, the bearer of this Permanent Global Bond shall be subject to the Conditions and, subject as otherwise provided herein, shall be entitled to the same rights and benefits under the Conditions as if it were the holder of Definitive Bonds and any related Coupons and Talons in the smallest specified denomination and in an aggregate principal amount equal to the principal amount of this Permanent Global Bond.

**11. EXERCISE OF CALL OPTION**

In connection with an exercise of the option contained in Condition 9.2 (*Early Redemption*) in relation to some only of the Bonds, this Permanent Global Bond may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Bonds to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and 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).

**12. NOTICES**

Notwithstanding Condition 15 (*Notices*), while all the Bonds are represented by this Permanent Global Bond (or by this Permanent Global Bond and a Temporary Global Bond) and this Permanent Global Bond is (or this Permanent Global Bond and a Temporary Global Bond are) deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Bondholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any such case, such notices shall be deemed to have been given to the Bondholders in accordance with Condition 15 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

**13. AUTHENTICATION**

This Permanent Global Bond shall not be valid for any purpose until it has been authenticated for and on behalf of the Principal Paying Agent.

**14. EFFECTUATION**

This Permanent Global Bond shall not be valid for any purpose until it has been effectuated for and on behalf of the entity appointed as common safekeeper by the ICSDs.

**15. GOVERNING LAW**

This Permanent Global Bond and any non-contractual obligations arising out of or connected with it are governed by English law.

**AS WITNESS** the [manual/facsimile] signature of a duly authorised person on behalf of the Issuer.

**YORKSHIRE HOUSING FINANCE PLC**

By: .....  
[*manual or facsimile signature*]  
(*duly authorised*)

**ISSUED** on 31 October 2014

**AUTHENTICATED** for and on behalf of

**CITIBANK N.A., LONDON BRANCH**

as Principal Paying Agent  
without recourse, warranty or liability

By: .....  
[*manual signature*]  
(*duly authorised*)

**EFFECTUATED** for and on behalf of

**CLEARSTREAM BANKING, SOCIÉTÉ ANONYME, LUXEMBOURG**

as Common Safekeeper  
without recourse, warranty or liability

By: .....  
[*manual signature*]  
(*duly authorised*)



**Schedule I**

**Terms and Conditions**

[As set out in Schedule 4]

## SCHEDULE 3

### PART A FORM OF DEFINITIVE BOND

[On the face of the Bond:]

Common Code: ISIN: XS1131276864

Common Code: 113127686

£[•]

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.

#### **YORKSHIRE HOUSING FINANCE PLC**

*(incorporated under the laws of England and Wales with limited liability under the Companies Act 2006 with registration number 9227343)*

**£200,000,000**

**4.125 per cent. Secured Bonds due 2044**

This Bond is one of a series of Bonds (the "**Bonds**") in the denomination of £[•] and in the aggregate outstanding principal amount of £200,000,000 issued by YORKSHIRE HOUSING FINANCE PLC (the "**Issuer**"). The Bonds are subject to, and have the benefit of, a trust deed dated 31 October 2014 between the Issuer and Prudential Trustee Company Limited as trustee for the holders of the Bonds from time to time.

The Issuer, for value received, promises to pay to the bearer the principal sum of

£[•]

**([AMOUNT IN WORDS] POUNDS STERLING)**

on the dates and in the amounts specified in the Conditions endorsed on this Bond (the "**Conditions**"), or on such earlier date or dates as the same may become payable in accordance with the Conditions, and to pay interest on the unpaid balance of such principal sum in arrear on the dates and at the rate specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

Interest is payable on the unpaid balance of the above principal sum in accordance with the Conditions.

This Bond and the interest coupons and talons relating hereto shall not be valid for any purpose until this Bond has been authenticated for and on behalf of the Principal Paying Agent.

**AS WITNESS** the facsimile signature of a duly authorised person on behalf of the Issuer.

**YORKSHIRE HOUSING FINANCE PLC**

By: .....  
[*facsimile signature*]  
director

By: .....  
[*facsimile signature*]  
director

**ISSUED** as of [•] 20[•]

**AUTHENTICATED** for and on behalf of  
**CITIBANK N.A., LONDON BRANCH**  
as Principal Paying Agent  
without recourse, warranty or liability

By: .....  
[*manual signature*]  
(*duly authorised*)

[On the reverse of the Bond:]

## **TERMS AND CONDITIONS**

[As set out in Schedule 4]

[At the foot of the Terms and Conditions:]

## **PRINCIPAL PAYING AGENT**

Citibank N.A., London Branch  
Citigroup Centre, 25 Canada Square, London E14 5LB

## **PAYING AGENT**

Citibank N.A., London Branch  
Citigroup Centre, 25 Canada Square, London E14 5LB

## **PART B FORM OF INTEREST COUPON**

[On the face of the Coupon:]

**YORKSHIRE HOUSING FINANCE PLC**

**£200,000,000**

**4.125 per cent. Secured Bonds due 2044**

This Coupon relates to a Bond in the denomination of £[•].

Coupon for the amount of interest due on the Interest Payment Date falling in [*month and year*].

Such amount is payable, subject to the terms and conditions (the "**Conditions**") endorsed on the Bond to which this Coupon relates (which are binding on the holder of this Coupon whether or not it is for the time being attached to such Bond), against presentation and surrender of this Coupon at the specified office for the time being of any of the agents shown on the reverse of this Coupon (or any successor or additional agents appointed from time to time in accordance with the Conditions).

The Bond to which this Coupon relates may, in certain circumstances specified in the Conditions, fall due for redemption before the maturity date of this Coupon. In such event, this Coupon shall become void and no payment will be made in respect hereof.

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.

[On the reverse of the Coupon:]

**Principal Paying Agent:** Citibank N.A., London Branch of Citigroup Centre, 25 Canada Square, London E14 5LB

**Paying Agent:** Citibank N.A., London Branch of Citigroup Centre, 25 Canada Square, London E14 5LB

**PART C  
FORM OF TALON**

[On the face of the Talon:]

**YORKSHIRE HOUSING FINANCE PLC**

**£200,000,000**

**4.125 per cent. Secured Bonds due 2044**

Talon for further Coupons.

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of the Coupon Sheet to which this Talon is (or was at the time of issue) attached, this Talon may be exchanged at the specified office for the time being of the principal paying agent shown on the reverse of this Talon (or any successor principal paying agent appointed from time to time in accordance with the terms and conditions (the "**Conditions**") of the Bonds to which this Talon relates) for a further Coupon Sheet (including a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to the Conditions).

The Bond to which this Talon relates may, in certain circumstances specified in the Conditions, fall due for redemption before the Final Legal Maturity Date of such final Coupon. In such event, this Talon shall become void and no Coupon will be delivered in respect hereof.

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.

[On the reverse of the Talon:]

**Principal Paying Agent:** Citibank N.A., London Branch of Citigroup Centre, 25 Canada Square, London E14 5LB

## SCHEDULE 4 TERMS AND CONDITIONS

### TERMS AND CONDITIONS OF THE BONDS

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

The £200,000,000 4.125 per cent. Secured Bonds due 2044 (the "**Bonds**", which expression shall in these Conditions, unless the context otherwise requires, include any further bonds issued pursuant to Condition 19 (Further Issues) and forming a single series with the Bonds) of Yorkshire Housing Finance plc (the "**Issuer**") are constituted by a Bond Trust Deed (as modified and/or amended and/or supplemented and/or restated from time to time, the "**Bond Trust Deed**") dated 31 October 2014 and made between the Issuer and Prudential Trustee Company Limited (the "**Bond Trustee**", which expression shall include any successor as Bond Trustee) as trustee for the holders of the Bonds (the "**Bondholders**") and the holders of the interest coupons appertaining to the Bonds (the "**Couponholders**" and the "**Coupons**" respectively, which expressions shall, unless the context otherwise requires, include the talons for further interest coupons (the "**Talons**") and the holders of the Talons).

The Bonds have the benefit of a paying agency agreement (as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 31 October 2014 and made between the Issuer, the Bond Trustee, Citibank, N.A., London Branch as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor agent) and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents and together with the Principal Paying Agent, the "**Agents**").

Copies of the Bond Trust Deed, the Agency Agreement, the Loan Agreements, the Legal Mortgages, the Accession Deed and the Security Trust Deed are available for inspection during normal business hours at the registered office for the time being of the Bond Trustee being at the date of the issue of the Bonds at Laurence Pountney Hill, London EC4R 0HH and at the specified office of each of the Paying Agents. The Bondholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Bond Trust Deed and the Agency Agreement. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Bond Trust Deed, which includes the form of the Bonds, and/or the Agency Agreement.

#### 1. DEFINITIONS

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

In these Conditions:

"**Accession Deed**" means the Accession Deed dated 31 October 2014 relating to the Security Trust Deed and made between the Issuer, the Original Borrower and the Security Trustee;

**"Account Agreement"** means the Account Agreement dated 31 October 2014 and made between the Issuer, the Bond Trustee and the Account Bank, as amended and/or supplemented and/or restated from time to time;

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

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

**"Additional Borrower"** means any entity which (i) is charitable; (ii) is a Registered Provider of Social Housing; and (iii) has acceded to the Security Trust Deed as a Borrower;

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

**"Appointee"** means any attorney, manager, agent, delegate, nominee, custodian, receiver, co-trustee or other person appointed by the Bond Trustee under, or pursuant to, these Conditions, the Bond Trust Deed or the Issuer Security Deed;

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

**"Bondholder Put Amount"** has the meaning given to it in Condition 9.10 (*Bondholder Put Option*);

**"Bondholder Put Option"** means the option for Bondholders to require the Issuer to procure that a member of the Original Borrower Group purchases their Bonds following (i) a breach of the Interest Cover Test or (ii) the Issuer agreeing with a Borrower to increase its Commitment, following another Borrower ceasing to be a Registered Provider of Social Housing, as described in Condition 9.10 (*Bondholder Put Option*);

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

- (a) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of the Bond or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Bond or Coupon; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (c) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying Agent in a Member State of the European Union; or
- (d) presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Payment Day (as defined in Condition 8.5 (*Payment Day*));

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

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

**"Cancelled Retained Proceeds"** means, in respect of any Bonds purchased by a Borrower or any other member of the Original Borrower Group which have been surrendered to the Issuer for cancellation (other than, for the avoidance of doubt, any cancellation of Retained Bonds by the Issuer), a portion of the Retained Proceeds corresponding to the percentage of the Undrawn Commitment which has been cancelled, in accordance with the relevant Loan Agreement, pursuant to the surrender for cancellation of such Bonds;

**"Charged Cash"** means, at any time, the aggregate of all amounts (whether representing proceeds of disposal or other moneys) standing to the credit of the Ongoing Cash Security Account and, to the extent invested in Permitted Investments in accordance with the Custody Agreement, such Permitted Investments and any income received by the Issuer in respect of such Permitted Investments, provided however that, for the purpose of determining the compliance of the Borrowers with the Asset Cover Test, the value to be attributed to such Permitted Investments shall be the purchase price thereof;

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

**"Commitment"** means the Original Commitment and any further commitment entered into by the Issuer in relation to the making of further Loans to one or more Borrowers;

**"Compliance Certificate"** means a certificate, signed by two authorised signatories of a Borrower, substantially in the form contained in the Loan Agreements setting out, inter alia, calculations in respect of the Asset Cover Test and the Interest Cover Test;

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

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



**"Custody Agreement"** means the Custody Agreement dated 31 October 2014 and made between the Issuer, the Bond Trustee and the Custodian, as amended and/or supplemented and/or restated from time to time;

**"Event of Default"** has the meaning given to it in Condition 12.1 (Events of Default);

**"Finance Documents"** means:

- (a) the Loan Agreements;
- (b) each Security Document; and
- (c) any other document designated as such by the Issuer and the Borrower;

**"Fitch"** means Fitch Ratings Ltd or any successor thereto;

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

**"Incorporated Terms Memorandum"** means the incorporated terms memorandum dated 31 October 2014 and made between, *inter alios*, the Issuer, and the Bond Trustee, as amended and/or supplemented and/or restated from time to time;

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

**"Interest Cover Test"** has the meaning given to it in the Loan Agreements;

**"Interest Payment Date"** has the meaning given to it in Condition 7.1 (Interest Rate and Interest Payment Dates);

**"Issue Date"** means 31 October 2014;

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

**"Issuer Secured Creditors"** means the Bond Trustee in its own capacity and as trustee on behalf of those persons listed as entitled to payment in the Issuer Security Deed, the Bondholders, the Paying Agents, the Custodian, the Retained Bond Custodian and the Account Bank;

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

**"Issuer Security Deed"** means the security deed dated 31 October 2014 and entered into by the Issuer in favour of the Bond Trustee, constituting the Issuer Security;

**"Legal Mortgages"** means (a) the Legal Mortgage dated 31 October 2014 and made between the Original Borrower and the Security Trustee pursuant to which the Original Borrower provides security in respect of its obligations under the Loan Agreement and (b) any additional legal mortgage entered into between a Borrower and the Security Trustee pursuant to which the relevant Borrower provides security in respect of its obligations under a Loan Agreement;

**"Liabilities"** means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings, indemnity payments or other liabilities whatsoever including legal fees and any Taxes and penalties incurred by that person;

**"Loan"** means a loan made by the Issuer to a Borrower pursuant to the terms of a Loan Agreement;

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

**"Loan Event of Default"** has the meaning given to it in the Loan Agreements;

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

**"Maturity Date"** means 31 October 2044;

**"Moody's"** means Moody's Investors Service Limited or any successor thereto;

**"Ongoing Cash Security Account"** means the account of the Issuer set up with the Account Bank in respect of the Charged Cash in accordance with the Account Agreement;

**"Original Borrower"** means Yorkshire Housing Limited (formerly known as Yorkshire Community Housing Limited);

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

**"Original Commitment"** has the meaning given to it in the Original Loan Agreement;

**"Original Loan Agreement"** means the loan agreement dated the Issue Date between the Issuer, the Original Borrower and the Security Trustee;

**"Permitted Investments"** means one or more of the following obligations or securities (including, without limitation, any investments for which the Custodian or an affiliate provides services):

- (a) deposits with any United Kingdom bank or building society subject to such bank or building society having long term senior unsecured debt credit ratings of not less than "A" from S&P, "A" from Fitch or "A2" from Moody's;
- (b) deposits with any non-United Kingdom bank subject to such bank having long term senior unsecured debt credit ratings of not less than "AA" from S&P or "Aa2" from Moody's;

- (c) full recourse debt instruments with a maturity no later than the earlier of (i) the date falling 5 years after the date of purchase and (ii) 31 October 2044 that are issued by EU credit institutions having long term senior unsecured debt credit ratings of not less than "AAA" from S&P or "Aaa" from Moody's that are fully secured or "**covered**" by a pool of on-balance sheet collateral;
- (d) securities with a maturity no later than the earlier of (i) the date falling 5 years after the date of purchase and (ii) 31 October 2044 that are issued by supranational agencies having long term senior unsecured debt credit ratings of not less than "AAA" from S&P or "Aaa" from Moody's;
- (e) money market funds having long term senior unsecured debt credit ratings of not less than "AAAm" from S&P, "Aaa-mf" from Moody's or "AAAmmf" from Fitch; and
- (f) direct obligations of the United Kingdom or of any agency or instrumentality of the United Kingdom which are guaranteed by the United Kingdom with a maturity no later than the 31 October 2044,

**provided that** (i) in all cases, such investment shall be an investment which is denominated in Sterling and (ii) in the case of (a) to (e), no more than £20,000,000 shall be deposited with any one institution or invested in any one security;

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

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

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

**"Put Option Date"** has the meaning given to it in Condition 9.10 (*Bondholder Put Option*);

**"Registered Provider of Social Housing"** means a person listed in the register of providers of social housing established under Chapter 3 of Part 2 of the Housing and

Regeneration Act 2008 (as amended from time to time) or a person having a status which, in the opinion of the Issuer and the Bond Trustee, is substantially equivalent under any replacement or successor legislation thereto;

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

**"Relevant Jurisdiction"** means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Bonds or Coupons;

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

**"Retained Bond Custody Agreement"** means the custody agreement relating to the Retained Bonds dated 31 October 2014 and made between the Issuer, the Bond Trustee and the Retained Bond Custodian, as amended and/or supplemented and/or restated from time to time;

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

**"Retained Bonds"** means £60,000,000 in principal amount of the Bonds purchased by the Issuer on the Issue Date;

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

**"Security Adjustment Certificate"** means a certificate, signed by two authorised signatories of a Borrower, substantially in the form contained in the Loan Agreements setting out, inter alia, a summary of the additions, withdrawals and substitutions of properties which have taken place during the preceding financial year;

**"Security Documents"** means (a) the Legal Mortgages, (b) the Accession Deed, (c) the Security Trust Deed and (d) any other document creating, evidencing or granting any guarantee or security in support of the obligations of the Borrowers under the Finance Documents;

**"Security Trust Deed"** means the Security Trust Deed originally dated 5 November 1999 between, *inter alios*, the Original Borrower and the Security Trustee (as may be amended and/or supplemented and/or restated from time to time);

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

**"Subsidiary"** has the meaning given to that term in section 271 of the Housing and Regeneration Act 2008 or section 1159 of the Companies Act 2006, as applicable;

**"S&P"** means Standard & Poor's Ratings Services or any successor thereto;

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

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

**"Transaction Documents"** means the Loan Agreements, the Bond Trust Deed, the Issuer Security Deed, the Accession Deed, the Legal Mortgages, the Security Trust Deed, the Agency Agreement, the Account Agreement, the Custody Agreement, the Incorporated Terms Memorandum and the Retained Bond Custody Agreement;

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

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

**"Undrawn Commitment"** means, at any time, a Commitment which has not been advanced to the relevant Borrower or previously cancelled pursuant to a Loan Agreement;

**"Valuation Report"** has the meaning given to it in the Loan Agreements; and

**"Valuer"** has the meaning given to it in the Loan Agreements.

## 2. **FORM, DENOMINATION AND TITLE**

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

Title to the Bonds and Coupons will pass by delivery. The Issuer, any Paying Agent and the Bond Trustee will (except as otherwise required by law) deem and treat the bearer of any Bond or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.

### 3. STATUS

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

### 4. SECURITY

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

- (a) by an assignment by way of security of the Issuer's rights, title and interest arising under the Loan Agreements, the Security Trust Deed, the Accession Deed, the Legal Mortgages, the Agency Agreement, the Custody Agreement and the Account Agreement;
- (b) by a charge by way of first fixed charge over all moneys and/or securities from time to time standing to the credit of the Transaction Account, the Ongoing Cash Security Account, the Initial Cash Security Account and the Custody Account and all debts represented thereby; and
- (c) by a charge by way of first fixed charge over the Paying Agents' obligation to repay to the Issuer all sums held from time to time by the Paying Agents for the payment of principal or interest in respect of the Bonds and not otherwise claimed.

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

The Issuer Security shall become enforceable:

- (i) upon the delivery of an Acceleration Notice in accordance with Condition 12 (*Events of Default and Enforcement*); or
- (ii) if a person who is entitled to do so presents an application to the court for the appointment of an administrator of the Issuer, gives notice of intention to appoint an administrator of the Issuer or files such notice with the court.

### 5. ORDER OF PAYMENTS

#### 5.1 Pre-enforcement

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

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

## 5.2 Post-enforcement

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

- (a) *first*, in payment or satisfaction of the Liabilities incurred by the Bond Trustee or any Receiver or Appointee in preparing and executing the trusts under the Bond Trust Deed and the Issuer Security Deed (including the costs of realising any Issuer Security and the Bond Trustee's and such Appointee's remuneration);
- (b) *second*, in payment of all amounts owing to the Paying Agents under the Agency Agreement, the Account Bank under the Account Agreement, the Custodian under the Custody Agreement and the Retained Bond Custodian under the Retained Bond Custody Agreement on a *pro rata* and *pari passu* basis;
- (c) *third*, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any interest due and payable in respect of the Bonds;

- (d) *fourth*, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any principal due and payable in respect of the Bonds;
- (e) *fifth*, in payment of any other unpaid fees and expenses of the Issuer (in each case insofar as they relate to the Bonds) on a *pro rata* and *pari passu* basis;
- (f) *sixth*, in payment, on a *pro rata* and *pari passu* basis, to the Borrowers of any amounts due and payable under the terms of the Loan Agreements; and
- (g) *seventh*, in payment of any Permitted Investment Profit, Accounting Profit or Retained Bond Premium Amount, as the case may be, to any Charitable Group Member.

## 6. COVENANTS

### 6.1 General Covenants

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

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

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

### 6.2 Information Covenants

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

- (a) send to the Bond Trustee and, upon request by any Bondholder to the Issuer, make available to such Bondholder at the Issuer's registered office during normal business hours, a copy of the Compliance Certificates (and, subject to the consent of the relevant Valuer(s), the Valuation Report(s) delivered for the purpose of preparing such Compliance Certificates) and the Security Adjustment Certificates promptly upon receipt of the same from the Borrowers pursuant to the terms of the Loan Agreements;
- (b) send to the Bond Trustee and, upon request by any Bondholder to the Issuer, make available to such Bondholder at the Issuer's registered office during normal business hours, a copy of the audited financial statements of the each Borrower promptly upon publication of the same by the Borrowers;



- (c) at the request of Bondholders holding not less than 50 per cent. in principal amount of the Bonds for the time being outstanding, convene a meeting of the Bondholders to discuss the financial position of the Issuer and the Original Borrower Group, **provided, however, that** the Issuer shall not be required to convene any such meeting pursuant to this Condition 6.2(c) more than once in any calendar year. Upon the request of Bondholders to convene any such meeting, as aforesaid, the Issuer shall notify all Bondholders of the date (which such date shall be no more than 21 days following such request), time and place of the meeting in accordance with Condition 15 (*Notices*). The Issuer shall act in good faith in addressing any questions regarding the financial position of itself or any other member of the Original Borrower Group raised at any such meeting, **provided, however, that** the Issuer shall not be obliged to disclose any information which it, in its absolute discretion, considers to be of a confidential nature. For the avoidance of doubt, the provisions of this Condition 6.2(c) are in addition to the meetings provisions set out in Condition 17 (*Meetings of Bondholders, Modification and Waiver*); and
- (d) at any time (if so instructed by any Bondholder) procure that the Borrowers deliver, or procure the delivery, to the Issuer and the Bond Trustee of a Full Valuation Report or a Desk Top Valuation, as so requested, prepared by a Valuer, subject to such indemnity or pre-funding as to the costs of preparing the same as the Issuer (on behalf of itself and the Borrowers) shall require from the relevant Bondholder.

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

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

## 7. INTEREST

### 7.1 Interest Rate and Interest Payment Dates

The Bonds bear interest from (and including) 31 October 2014 at the rate of 4.125 per cent. per annum, payable semi-annually in arrear in equal instalments on 30 April and 31 October in each year (each, an "**Interest Payment Date**").

### 7.2 Interest Accrual

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

### **7.3 Calculation of Broken Interest**

When interest is required to be calculated in respect of a period of less than a full half year, it shall be calculated on the basis of (a) the actual number of days in the period from (and including) the date from which interest begins to accrue (the "**Accrual Date**") to (but excluding) the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to (but excluding) the next following Interest Payment Date multiplied by 2, and multiplying this by the rate of interest specified in Condition 7.1 above and the relevant principal amount of the Bonds.

## **8. PAYMENTS**

### **8.1 Payments in respect of Bonds and Coupons**

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

### **8.2 Method of Payment**

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

### **8.3 Missing Unmatured Coupons**

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

### **8.4 Payments subject to Applicable Laws**

Payments in respect of principal and interest on the Bonds are subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.

### **8.5 Payment Day**

If the date for payment of any amount in respect of any Bond or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next

following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, "**Payment Day**" means any day which (subject to Condition 11 (*Prescription*)):

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

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

#### 8.6 **Initial Paying Agents**

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

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

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

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Bond Trustee and do not assume any obligation to, or relationship of agency or trust with, any Bondholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated

or to which it transfers all or substantially all of its assets to become the successor paying agent.

#### 8.7 **Interpretation of principal and interest**

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

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

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

### 9. **REDEMPTION AND PURCHASE**

#### 9.1 **Redemption at Maturity**

Unless previously redeemed, or purchased and cancelled as specified in these Conditions, the Bonds will be redeemed by the Issuer at their principal amount on the Maturity Date.

#### 9.2 **Early Redemption**

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

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

- (a) par; and
- (b) the amount (as calculated by a financial adviser nominated by the Issuer and approved by the Bond Trustee (the "**Nominated Financial Adviser**") and reported in writing to the Issuer and the Bond Trustee) which is equal to the principal amount of the Bonds to be redeemed multiplied by the price (expressed as a percentage and calculated by the Nominated Financial Adviser) (rounded to three decimal places (0.0005 being rounded upwards)) at which the Gross Redemption Yield on the Bonds (if the Bonds were to remain outstanding until their original maturity) on the Determination Date would be

equal to the sum of (i) the Gross Redemption Yield at 3:00 pm (London time) on the Determination Date of the Benchmark Gilt and (ii) 0.20 per cent.,

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

For the purposes of this Condition:

**"Benchmark Gilt"** means the 4.50 per cent. Treasury Gilt 2042 or such other conventional (i.e. not index-linked) UK Government Gilt as the Issuer (with the advice of the Nominated Financial Adviser) may determine (failing such determination, as determined by the Bond Trustee with such advice) to be the most appropriate benchmark conventional UK Government Gilt;

**"Determination Date"** means three Business Days prior to the Loan Prepayment Date; and

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

### 9.3 Early Redemption for Tax Reasons

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

### 9.4 Mandatory Early Redemption

If a Loan becomes repayable:

- (a) as a result of a Loan Event of Default; or

- (b) following a Borrower ceasing to be a Registered Provider of Social Housing (other than if the relevant Borrower regains its status as a Registered Provider of Social Housing within 180 days),

then (unless the Issuer has agreed with another Borrower to increase its Commitment by the relevant amount of the Loan to be prepaid not later than the date on which the relevant amount of Bonds would otherwise be redeemed), the Issuer shall redeem the Bonds in an aggregate principal amount equal to the principal amount of the relevant Loan at their principal amount, plus accrued interest to (but excluding) the date on which the Loan is repaid (the "**Loan Repayment Date**"), on the date which is two Business Days after the Loan Repayment Date.

#### **9.5 Notice of Early Redemption**

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

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

#### **9.6 Calculations**

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

#### **9.7 Purchase of Bonds by a Borrower or members of the Original Borrower Group**

A Borrower and any other member of the Original Borrower Group (other than the Issuer) may at any time purchase Bonds in the open market or otherwise at any price. Following any such purchase, such Borrower or such member of the Original Borrower Group, as the case may be, may (but is not obliged to) surrender the Bonds to the Issuer for cancellation. An amount equal to the principal amount of the Bonds being surrendered shall be deemed to be prepaid under the Loan Agreement specified by such Borrower or member of the Original Borrower Group (but, for the avoidance of doubt, without triggering a redemption under Condition 9.2 (*Early Redemption*)).

or, to the extent that the relevant Loan is not then outstanding, an amount of the Undrawn Commitment equal to the principal amount of the Bonds surrendered shall be deemed to be cancelled for the purposes of such Loan Agreement and an amount of Retained Proceeds equal to the Cancelled Retained Proceeds shall be paid by the Issuer to such Borrower or such member of the Original Borrower Group, as the case may be.

#### **9.8 Purchase of Bonds by the Issuer**

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

#### **9.9 Cancellation of purchased or redeemed Bonds**

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

The Issuer (a) may cancel any Retained Bonds held by it or on its behalf following a request by a Borrower, pursuant to a Loan Agreement, to cancel a corresponding amount of the Borrower's Undrawn Commitment; (b) shall cancel all Retained Bonds held by or on behalf of the Issuer (i) immediately prior to such Retained Bonds being redeemed on the Maturity Date; (ii) forthwith upon notice that the Bonds are to be redeemed (and, in any event, prior to such redemption) in accordance with Condition 9.3 (*Early Redemption for Tax Reasons*), Condition 12 (*Events of Default and Enforcement*) or Condition 9.4 (*Mandatory Early Redemption*); and (iii) on the date falling five years after the Issue Date; and (c) may cancel any Bonds (other than Retained Bonds) held by it or on its behalf at any time at its discretion.

#### **9.10 Bondholder Put Option**

Within 30 days of (i) the Issuer becoming aware of any failure of a Borrower to comply with the Interest Cover Test or (ii) the Issuer agreeing with a Borrower to increase its Commitment, following another Borrower ceasing to be a Registered Provider of Social Housing, the Issuer shall convene a meeting of Bondholders to consider, by Extraordinary Resolution and in accordance with Condition 17 (*Meetings of Bondholders, Modification and Waiver*), whether or not to approve the ability of Bondholders to exercise the put option described in this Condition 9.10 (*Bondholder Put Option*).

If the Bondholders approve such Extraordinary Resolution, then any Bondholder may, within 30 days of such approval, give an irrevocable notice to the Issuer of such Bondholder's decision to require the Issuer to procure that a member of the Original Borrower Group purchases all of the Bonds owned by such Bondholder on the day falling 45 days after the date on which the Extraordinary Resolution was so approved (the "**Put Option Date**").

On the Put Option Date, the Issuer shall procure that a member of the Original Borrower Group purchases, in whole (but not in part), all of the Bonds in respect of

which the relevant Bondholders have exercised the Bondholder Put Option, at their principal amount plus an amount equal to accrued interest to (but excluding) the Put Option Date (the "**Bondholder Put Amount**").

## 10. TAXATION

### 10.1 Payments without withholding

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

### 10.2 No obligation to pay additional amounts

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

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

## 11. PRESCRIPTION

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

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 8 (*Payments*) or any Talon which would be void pursuant to Condition 8 (*Payments*).

## 12. EVENTS OF DEFAULT AND ENFORCEMENT

### 12.1 Events of Default

The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least one-fourth in principal amount of the Bonds then outstanding or if so



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

- (a) if default is made in the payment of any principal or interest due in respect of the Bonds or any of them and the default continues for a period of seven days in the case of principal and fourteen days in the case of interest; or
- (b) if the Issuer fails to perform or observe any of its other obligations under, or in respect of, the Conditions, the Bond Trust Deed or the Issuer Security Deed or if any representation given by the Issuer to the Bond Trustee in the Bond Trust Deed or the Issuer Security Deed is found to be untrue, incorrect or misleading as at the time it was given and (except in any case where, in the opinion of the Bond Trustee, the failure or inaccuracy is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure or inaccuracy continues for the period of 30 days next following the service by the Bond Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) (A) any other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised **provided that** the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds £10,000,000 or its equivalent in other currencies (as reasonably determined by the Bond Trustee); or
- (d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer save for the purposes of reorganisation on terms previously approved in writing by the Bond Trustee or by an Extraordinary Resolution; or
- (e) if the Issuer ceases or threatens to cease to carry on the whole or, in the opinion of the Bond Trustee, substantially all of its business, save for the purposes of a reorganisation on terms previously approved in writing by the Bond Trustee or by an Extraordinary Resolution; or
- (f) if the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

- (g) if (A) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, liquidator, manager, administrator or other similar official, or an administrative or other receiver, liquidator, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to all or substantially all of the Issuer's undertaking or assets, or an encumbrancer takes possession of all or substantially all of the Issuer's undertaking or assets, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against all or substantially all of the Issuer's undertaking or assets and (B) in any such case (other than the appointment of an administrator) is not discharged within 14 days; or
- (h) if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or 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
- (i) if it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Bonds, the Bond Trust Deed, the Issuer Security Deed or any Loan Agreement.

## 12.2 Enforcement

The Bond Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps or action (including lodging an appeal in any proceedings) against or in relation to the Issuer as it may think fit to enforce the provisions of the Bond Trust Deed, the Bonds, the Coupons and/or any of the other Transaction Documents, but it shall not be bound to take any such proceedings or other steps or action unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-fourth in principal amount of the Bonds then outstanding and (ii) it shall have been secured and/or indemnified and/or pre-funded to its satisfaction.

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

No Bondholder, Couponholder or any Issuer Secured Creditor (other than the Bond Trustee) shall be entitled (i) to take any steps or action against the Issuer to enforce the performance of any of the provisions of the Bond Trust Deed, the Bonds, the Coupons or any of the other Transaction Documents or (ii) to take any other action

(including lodging an appeal in any proceedings) in respect of or concerning the Issuer, in each case unless the Bond Trustee, having become bound so to take any such steps, actions or proceedings, fails so to do within a reasonable period and the failure shall be continuing.

**13. REPLACEMENT OF BONDS, COUPONS AND TALONS**

Should any Bond, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (subject to all applicable laws and the requirements of the UK Listing Authority or the London Stock Exchange) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Bonds, Coupons or Talons must be surrendered before replacements will be issued.

**14. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Bond to which it appertains) a further Talon, subject to the provisions of Condition 11 (*Prescription*).

**15. NOTICES**

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

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

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

**16. SUBSTITUTION**

The Bond Trust Deed contains provisions permitting the Bond Trustee, subject to any required amendment of the Bond Trust Deed, without the consent of the Bondholders

or the Couponholders or any Issuer Secured Creditor, to agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Bonds, the Coupons and the Bond Trust Deed of another company, registered society or other entity subject to:

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

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

## **17. MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER**

### **17.1 Meetings of Bondholders**

The Bond Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds, the Coupons or any of the provisions of the Bond Trust Deed (as more particularly described in the Bond Trust Deed). Such a meeting may be convened by the Issuer or the Bond Trustee and shall be convened by the Issuer if required in writing by Bondholders holding not less than ten per cent. in principal amount of the Bonds for the time being remaining outstanding (other than in respect of a meeting requested by Bondholders to discuss the financial position of the Issuer and the Original Borrower Group, which shall be requested in accordance with, and shall be subject to, Condition 6.2(c) (*Information Covenants*)). The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing in aggregate more than 50 per cent. in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented, except that at any meeting the business of which includes any matter defined in the Bond Trust Deed as a Reserved Matter, the quorum shall be one or more persons holding or representing in aggregate not less than 75 per cent. in principal amount of the Bonds for the time being outstanding, or at any such adjourned meeting one or more persons holding or representing in aggregate not less than 25 per cent. in principal amount of the Bonds for the time being outstanding. The Bond Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Bond Trust Deed by a majority consisting of not less than 75 per cent. of the votes cast on such resolution or (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Bonds for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Bondholders. An Extraordinary Resolution passed by the Bondholders shall be binding on all the Bondholders, whether or not (in the case of Extraordinary Resolutions passed at any meeting) they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

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

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

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

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

## **18. INDEMNIFICATION AND PROTECTION OF THE BOND TRUSTEE AND BOND TRUSTEE CONTRACTING WITH THE ISSUER**

The Bond Trust Deed contains provisions for the indemnification of the Bond Trustee and for its relief from responsibility and liability towards the Issuer, the Bondholders and the Couponholders, including (i) provisions relieving it from taking action unless secured and/or indemnified and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Bond Trustee is exempted from any liability in respect of any loss, diminution in value or theft of all or any part of the Issuer Charged Property, from any obligation to insure all or any part of the Issuer Charged Property (including, in either such case, any documents evidencing, constituting or representing the same or transferring any rights, benefits and/or obligations thereunder), or to procure the same to be insured.

The Bond Trust Deed also contains provisions pursuant to which the Bond Trustee is entitled, *inter alia*, (a) to enter into or be interested in any contract or financial or other transaction or other arrangement with the Issuer and/or any other Transaction

Party or any person or body corporate associated with the Issuer and/or any Transaction Party and (b) to accept or hold the trusteeship of any other trust deed constituting or securing any other securities issued by, or relating to, the Issuer and/or any Transaction Party or any such person or body corporate so associated or any other office of profit under the Issuer and/or any Transaction Party or any such person or body corporate so associated.

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

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

**19. FURTHER ISSUES**

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

**20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

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

**21. GOVERNING LAW**

The Bond Trust Deed, the Loan Agreements, the Issuer Security Deed, the other Transaction Documents, the Bonds and the Coupons, and any non-contractual obligations or matters arising from or in connection with them, shall be governed by, and construed in accordance with, English law.

**22. SUBMISSION TO JURISDICTION**

The Issuer has, in the Bond Trust Deed, irrevocably agreed for the benefit of the Bond Trustee, the Bondholders and the Couponholders that the courts of England are to

have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bond Trust Deed, the Bonds or the Coupons (including a dispute relating to non-contractual obligations arising out of or in connection with the Bond Trust Deed, the Bonds or the Coupons) and accordingly has submitted to the exclusive jurisdiction of the English courts.

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

**SCHEDULE 5**  
**PROVISIONS FOR MEETINGS OF BONDHOLDERS**

**1. VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS**

**1.1 Issue**

The holder of a Bond may obtain a Voting Certificate from any Paying Agent or require any Paying Agent to issue a Block Voting Instruction by depositing such Bond with such Paying Agent or arranging for such Bond to be (to its satisfaction) held to its order or under its control or blocked in an account with a clearing system not later than 48 hours before the time fixed for the relevant Meeting.

**1.2 Expiry of Validity**

A Voting Certificate or Block Voting Instruction shall be valid until the release of the Deposited Bonds to which it relates.

**1.3 Deemed Holder**

So long as a Voting Certificate or Block Voting Instruction is valid, the bearer thereof (in the case of a Voting Certificate) or any Proxy named therein (in the case of a Block Voting Instruction) shall be deemed to be the holder of the Bonds to which it relates for all purposes in connection with the Meeting.

**1.4 Mutually Exclusive**

A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Bond.

**2. REFERENCES TO DEPOSIT/RELEASE OF BONDS**

Where Bonds are held in Euroclear or Clearstream, Luxembourg (whether in the form of Global Bonds or Definitive Bonds), references to the deposit, or release, of Bonds shall be construed in accordance with the usual practices (including blocking the relevant account) of Euroclear and Clearstream, Luxembourg and, in other cases, such references are to the deposit or (as the case may be) release of Definitive Bonds.

**3. VALIDITY OF BLOCK VOTING INSTRUCTIONS**

A Block Voting Instruction shall be valid only if deposited at the Specified Office of the relevant Paying Agent or at some other place approved by the Bond Trustee, at least 24 hours before the time fixed for the relevant Meeting or, if the Chairman decides otherwise, before the Meeting proceeds to business. If the Bond Trustee requires, a notarised copy of each Block Voting Instruction and satisfactory proof of the identity of each Proxy named therein shall be produced at the Meeting, but the Bond Trustee shall not be obliged to investigate the validity of any Block Voting Instruction or the authority of any Proxy.



#### **4. CONVENING OF MEETINGS**

##### **Convening of Meetings**

The Issuer or the Bond Trustee may convene a Meeting at any time and the Bond Trustee shall be obliged to do so, subject to its being indemnified and/or secured and/or prefunded to its satisfaction, upon the request in writing of Bondholders holding not less than ten per cent. of the aggregate principal amount of the outstanding Bonds. Every Meeting shall be held on a date, and at a time and place, approved by the Bond Trustee.

#### **5. NOTICE**

##### **5.1 Notice period and notice details**

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the relevant Meeting is to be held) specifying the date, time and place of the Meeting shall be given to the Bondholders and the Paying Agents (with a copy to the Issuer where the Meeting is convened by the Bond Trustee or, where the Meeting is convened by the Issuer, with a copy to the Bond Trustee).

##### **5.2 Notice of proposed resolutions**

The notice shall set out the full text of any resolutions to be proposed unless the Bond Trustee agrees that the notice shall instead specify the nature of the resolutions without including the full text and shall state that the Bonds may be deposited with, or to the order of, any Paying Agent for the purpose of obtaining Voting Certificates or appointing Proxies not later than 48 hours before the time fixed for the Meeting.

#### **6. CHAIRMAN**

An individual (who may, but need not, be a Bondholder) nominated in writing by the Bond Trustee may take the chair at any Meeting but, if no such nomination is made or if the individual nominated is not present within 15 minutes after the time fixed for the Meeting, those present shall elect one of themselves to take the chair, failing which, the Issuer may appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was the Chairman of the original Meeting.

#### **7. QUORUM**

##### **7.1 The quorum at any meeting convened to vote on:**

- (a) an Extraordinary Resolution, other than regarding a Reserved Matter, will be one or more persons holding or representing 50 per cent. of the aggregate principal amount of the outstanding Bonds or, at any adjourned meeting, one or more persons being or representing Bondholders, whatever the principal amount of the Bonds then outstanding so held or represented; and
- (b) an Extraordinary Resolution relating to a Reserved Matter will be one or more persons holding or representing not less than three-quarters of the aggregate principal amount of the outstanding Bonds or, at any

adjourned meeting, not less than one quarter of the aggregate principal amount of the outstanding Bonds.

**8. ADJOURNMENT FOR WANT OF QUORUM**

If within 15 minutes after the time fixed for any Meeting a quorum is not present, then:

- 8.1 in the case of a Meeting requested by Bondholders, it shall be dissolved; and
- 8.2 in the case of any other Meeting (unless the Issuer and the Bond Trustee otherwise agree), it shall (subject to Paragraphs (a) and (b) below) be adjourned for such period (which shall be not less than 14 days and not more than 42 days) and to such place as the Chairman determines (with the approval of the Bond Trustee), **provided that:**
  - (a) the Meeting shall be dissolved if the Issuer and the Bond Trustee together so decide; and
  - (b) no Meeting may be adjourned more than once for want of a quorum.

**9. ADJOURNED MEETING**

Save as provided in Paragraph 8 (*Adjournment for want of quorum*) above, the Chairman may, with the consent of, and shall if directed by, any Meeting adjourn such Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place.

**10. NOTICE FOLLOWING ADJOURNMENT**

Paragraph 5 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for want of a quorum save that:

- 10.1 10 days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) shall be sufficient; and
- 10.2 the notice shall specifically set out the quorum requirements that will apply when the Meeting resumes.

It shall not be necessary to give notice of the resumption of a Meeting that has been adjourned for any other reason.

**11. PARTICIPATION**

The following may attend and speak at a Meeting:

- 11.1 Voters;
- 11.2 representatives of the Issuer and the Bond Trustee;
- 11.3 the financial advisers of the Issuer and the Bond Trustee;
- 11.4 the legal counsel to the Issuer and the Bond Trustee; and

11.5 any other person approved by the Meeting or the Bond Trustee.

## 12. **SHOW OF HANDS**

Every question submitted to a Meeting shall be decided in the first instance by a show of hands. Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed, passed by a particular majority, rejected or rejected by a particular majority shall be conclusive, without proof of the number of votes cast for, or against, the resolution. Where there is only one Voter, this Paragraph 12 (*Show of hands*) shall not apply and the resolution will immediately be decided by means of a poll.

## 13. **POLL**

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Bond Trustee or one or more Voters representing or holding not less than one fiftieth of the aggregate principal amount of the outstanding Bonds. The poll may be taken immediately or after such adjournment as the Chairman directs, but any poll demanded on the election of the Chairman or on any question of adjournment shall be taken at the Meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business as the Chairman directs.

## 14. **VOTES**

### 14.1 Number

Every Voter shall have:

14.1.1 on a show of hands, one vote; and

14.1.2 on a poll, one vote in respect of each one (unit of currency of denomination) in aggregate face amount of the outstanding Bond(s) represented or held by him.

### 14.2 No Obligation to exercise

Unless the terms of any Block Voting Instruction state otherwise, a Voter shall not be obliged to exercise all the votes to which he is entitled or to cast all the votes which he exercises in the same way. In the case of a voting tie the Chairman shall have a casting vote.

## 15. **VOTES BY PROXIES**

### 15.1 **Validity**

Any vote by a Proxy in accordance with the relevant Block Voting Instruction shall be valid even if such Block Voting Instruction or any instruction pursuant to which it was given has been amended or revoked, **provided that** neither the Issuer, the Bond Trustee nor the Chairman has been notified in writing of such amendment or revocation by the time which is 24 hours before the time fixed for the relevant Meeting.

## **15.2 Adjournment**

Unless revoked, any appointment of a Proxy under a Block Voting Instruction in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment, save that no such appointment of a Proxy in relation to a Meeting originally convened which has been adjourned for want of a quorum shall remain in force in relation to such Meeting when it is resumed. Any person appointed to vote at such a Meeting must be re-appointed under a Block Voting Instruction to vote at the Meeting when it is resumed.

## **16. POWERS**

### **16.1 Power of a Meeting**

A Meeting shall have the power (exercisable only by Extraordinary Resolution), without prejudice to any other powers conferred on it or any other person:

- 16.1.1 to approve any Reserved Matter;
- 16.1.2 to approve any proposal by the Issuer or the Bond Trustee for any modification, abrogation, variation or compromise of any provisions of this Deed or the Conditions or any arrangement in respect of the obligations of the Issuer under or in respect of the Bonds;
- 16.1.3 to approve the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Bonds;
- 16.1.4 to waive any breach or authorise any proposed breach by the Issuer or (if relevant) any other Transaction Party of its obligations under or in respect of this Deed, the Bonds or the other Transaction Documents or any act or omission which might otherwise constitute an Event of Default under the Bonds;
- 16.1.5 to remove any Bond Trustee;
- 16.1.6 to approve the appointment of a new Bond Trustee;
- 16.1.7 to authorise the Bond Trustee (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- 16.1.8 to discharge or exonerate the Bond Trustee from any liability in respect of any act or omission for which it may become responsible under this Deed or the Bonds;
- 16.1.9 to give any other authorisation or approval which under this Deed or the Bonds is required to be given by Extraordinary Resolution; and
- 16.1.10 to appoint any persons as a committee to represent the interests of the Bondholders and to confer upon such committee any powers which the Bondholders could themselves exercise by Extraordinary Resolution.

**17. EXTRAORDINARY RESOLUTION BINDS ALL HOLDERS**

**17.1 Binding Nature**

Any resolution passed at a Meeting of Bondholders duly convened and held in accordance with this Deed, or any Extraordinary Resolution passed in accordance with Condition 17 (*Meetings of Bondholders, Modification and Waivers*) and this Deed, shall be binding upon all Bondholders and Couponholders, whether or not present at such Meeting and whether or not voting and each of the Bondholders and Couponholders shall be bound to give effect to any such resolutions accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof.

**17.2 Notice of Voting Results**

Notice of the result of every vote on a resolution duly considered by the Bondholders shall be published (at the cost of the Issuer) in accordance with the Conditions and given to the Paying Agents (with a copy to the Issuer and the Bond Trustee) within 14 days of the conclusion of the Meeting.

**18. MINUTES**

Minutes of all resolutions and proceedings at each Meeting shall be made. The Chairman shall sign the minutes, which shall be *prima facie* evidence of the proceedings recorded therein. Unless and until the contrary is proved, every such Meeting in respect of the proceedings of which minutes have been summarised and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

**19. WRITTEN RESOLUTION**

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

**20. FURTHER REGULATIONS**

Subject to all other provisions contained in this Deed, the Bond Trustee may without the consent of the Issuer or the Bondholders prescribe such further regulations regarding the holding of Meetings of Bondholders and attendance and voting at them and/or the provision of a Written Resolution as the Bond Trustee may in its sole discretion determine.

**SCHEDULE 6**  
**FORM OF RETAINED BOND CONFIRMATION LETTER**

To: Prudential Trustee Company Limited  
Laurence Pountney Hill  
London EC4R 0HH

Cc: Citibank N.A., London Branch  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

Fax: +353 1 622 2213  
Attention: Agency & Trust, Specialised Agency Desk

[Date]

Dear Sirs

**Retained Bond custodial services agreement by and between Yorkshire Housing Finance plc (the "Issuer") and Citibank N.A., London Branch (as Custodian) dated 31 October 2014 (the "Retained Bond Custody Agreement").**

We intend to [transfer £[•] in principal amount of the Retained Bonds to [insert name of transferee] account number [•] value [•] 20[•]].

As required by clause 4.2.f of a bond trust deed dated 31 October 2014 between us (the "**Bond Trust Deed**") we attach a certificate signed by two (2) directors of the Issuer confirming that, immediately after such transfer, the Borrowers will be in compliance with the Asset Cover Test.

We hereby request that, in your capacity as Bond Trustee, you deliver a countersigned copy of this letter to the Retained Bond Custodian pursuant to clause 4.2.4 of the Bond Trust Deed.

Terms used but not otherwise defined shall have the meanings given to them in the Bond Trust Deed.

Yours sincerely

.....  
Authorised Signatory  
**YORKSHIRE HOUSING FINANCE PLC**

We hereby acknowledge the above request.

.....  
Authorised Signatory

**PRUDENTIAL TRUSTEE COMPANY LIMITED**

## SIGNATURES

Executed as a deed by )  
**YORKSHIRE HOUSING** )  
**FINANCE PLC** )

T. HEPTON Signature of Director  
TANSY HEPTON Name of Director

in the presence of:

Guy Millichamp Signature of witness

GUY MILLICHAMP Name of witness

134 GLEADOW WOOD RD Address of witness

LEEDS

LS8 1PF

Executed as a deed by )  
affixing the common seal of )  
**PRUDENTIAL TRUSTEE COMPANY LIMITED** )  
in the presence of: )  
**SEALING OFFICER** )