



# Programme Memorandum

August 2020

# PROPITEER CAPITAL PLC

(Incorporated in England and Wales with company number 12101322)

## £50,000,000

### Secured limited recourse bond programme

Under the £50,000,000 secured limited recourse bond programme (the “**Programme**”) described in this Programme Memorandum, Propiteer Capital PLC (the “**Issuer**”) subject to compliance with all relevant laws, regulations and directives, may from time to time issue secured bonds (“**Bonds**”), which expression shall, unless the context demands otherwise, include any principal receipts, interest coupons and talons for further coupons appertaining thereto on the terms set out herein, as completed by final terms (each, “**Final Terms**”). The aggregate principal amount of Bonds outstanding will not at any time exceed £50,000,000 (or the equivalent in other currencies).

Bonds will be issued in Series (as defined in “**Overview of the Programme**”) with separate Tranches (as defined in “**Overview of the Programme**”) then being issued under that Series. In relation to any Series or Tranche of Bonds which is the subject of Final Terms, this Programme Memorandum must be read and construed together with the relevant Final Terms. Each Series or Tranche of Bonds will be issued on the terms set out herein under “**Terms and Conditions of the Bonds**” (the “**Conditions**”) as completed by the Final Terms or a separate specific prospectus (a “**Drawdown Memorandum**”) to such Series or Tranche of Bonds. In the case of a Series or Tranche of Bonds which is the subject of a Drawdown Memorandum, each reference in this Programme Memorandum to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Memorandum unless the context requires otherwise.

The Issuer will use the proceeds of each Tranche of Bonds to procure a series or portfolio of loans (“**Borrower Loans**”) (which will have already been originated on the issue date of the relevant Tranche) secured by a charge on real estate or other tangible assets (the “**Collateral**”). In turn, each Tranche of Bonds will be secured by way of an assignment of the Issuer’s rights under any agreement by which the Issuer holds the Collateral in respect of the relevant Tranche, and such security interest shall be dealt with and held by the Trustee under the Security Trust Deed (as defined in “**Terms and Conditions of the Bonds**”), together with security over such Collateral as may be described in the relevant Final Terms (together, the “**Mortgaged Property**”).

Claims against the Issuer by holders of the Bonds (the “**Bondholders**”) will be limited to the applicable Mortgaged Property in respect of which a Borrower Loan is secured. Any such shortfall shall be borne by the holders of the Bonds. The Issuer will not be obliged to make any further payment in excess of such net proceeds and accordingly no debt shall be owed by the Issuer in respect of any such shortfall remaining after realisation of the Mortgaged Property and application of the proceeds in accordance with the Trust Deed. Neither the Trustee nor any Bondholder may take any further action to recover such shortfall.

Application has been made to the Vienna Stock Exchange for the Programme and the Bonds issued under the Programme to be listed on the Multi-Lateral Trading Facility of the Vienna Stock Exchange (the “**Vienna MTF**”). No assurance can be given that such application will be approved. The Programme Memorandum has been reviewed by the Vienna Stock Exchange, as competent authority under Regulation (EU) 2017/1129, as amended or superseded, (the

**“Prospectus Regulations”**); as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129; such approval should not be considered as an endorsement of the Issuer that is the subject of the Programme Memorandum or the quality of the Bonds and investors should make their own assessment as to the suitability of investing in the Bonds.

The Bond Segment of the Official Market (“Amtlicher Handel”) operated by Wiener Börse AG shall be considered regulated market in the meaning of Art.1 fig. 2 Stock Exchange Act 2018. The Vienna MTF is not a regulated market. Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties, professional clients and retail clients each as defined in MiFID II and (ii) all channels for distribution of the Bonds are appropriate. Any person subsequently offering, selling or recommending the Bonds (a **“distributor”**) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable. For the purposes of this provision, the expression “manufacturer” means the Dealer.

The Programme also permits Bonds to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

Any Tranche may be listed on a professionals’ securities market or may be unlisted. The applicable Final Terms will specify whether application has been made to list the Series to which it relates on any stock exchange and, if so, will specify the relevant stock exchange.

Payments in respect of the Bonds comprising each Series will be made without withholding or deduction for or on account of any taxes unless required by law. The Issuer will not be obliged to gross up payments in respect of the Bonds and any imposition of withholding taxes on payments in respect thereof may lead to redemption of Bonds. See **“Terms and Conditions of the Bonds - Redemption, purchase and options”**.

The Bonds will be obligations solely of the Issuer and will not be guaranteed by, or be the responsibility of, any other entity.

Bonds may be sold from time to time by the Issuer to any entity appointed from time to time as a dealer (the **“Dealers”**).

Series of Bonds issued under the Programme may be rated or unrated by any or all of Moody’s Investors Service Ltd (**“Moody’s”**), Fitch Ratings Limited (**“Fitch”**) or Standard & Poor Credit Market Services Europe Limited (**“Standard & Poor’s”**). Each of Moody’s, Fitch and Standard & Poor’s is established in the European Economic Area (**“EEA”**) and registered under Regulation (EC) No 1060/2009, as amended (the **“CRA Regulation”**) and is included in the list of credit rating agencies published by the European Securities and Markets Authority (**“ESMA”**) on their website. Where a Series of Bonds is rated, such rating will not necessarily be the same as the rating(s) assigned to Bonds already issued. Where a Series of Bonds is rated, the applicable rating(s) will be specified in the relevant Final Terms.

Investing in Bonds issued under the Programme involves certain risks. The principal risk factors may affect the ability of the Issuer to fulfil its respective obligations under the Bonds are discussed under their “**Risk Factors**” below.

For the avoidance of doubt, this programme memorandum has not been reviewed or approved by an EU competent authority and does not comprise a prospectus for the purposes of the Prospectus Regulation.

## IMPORTANT NOTICES

*The Issuer accepts responsibility for the information contained in this Programme Memorandum and, in relation to each Series of Bonds, in the applicable Final Terms for such Series of Bonds and declares that to the best of the knowledge and belief of the Issuer, the information contained in this Programme Memorandum as at the date hereof is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer also accepts responsibility for the content of this Programme Memorandum with respect to subsequent resale or final placement of securities by any financial intermediary which is given consent to use this Programme Memorandum.*

*No person has been authorised to give any information or to make any representation other than those contained in this Programme Memorandum and in the relevant Final Terms in connection with the issue or sale of a Tranche of Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Dealers (if any have been appointed) (each as defined in “**Overview of the Programme**”). Neither the delivery of this Programme Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Programme Memorandum has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Programme Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.*

*The distribution of this Programme Memorandum and the offering or sale of Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Programme Memorandum comes are required by the Issuer and the Dealers (if any have been appointed) to inform themselves about and to observe any such restriction. The Bonds have not been and will not be registered under the US Securities Act of 1933, as amended (the “**Securities Act**”), or with any securities regulatory authority of any state or other jurisdiction of the United States. The Issuer has not registered and will not register under the US Investment Company Act of 1940, as amended (the “**Investment Company Act**”). Subject to certain exceptions, the Bonds may not be offered, sold or, for the account or benefit of, US persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)). For a description of certain restrictions on offers and sales of Bonds and on distribution of this Programme Memorandum, see “**Subscription and sale and transfer restrictions**”.*

*This Programme Memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers (if any have been appointed) to subscribe for, or purchase, any Bonds.*

*Each Tranche (as defined herein) of Bonds will be issued on the terms set out herein under “Terms and Conditions of the Bonds” (the “**Conditions**”) as completed by a document specific to such Tranche called final terms (the “**Final Terms**”) or in a separate prospectus specific to such Tranche (the “**Drawdown Memorandum**”) as described below.*

a.

*In relation to any Tranche of Bonds which is the subject of Final Terms, this Programme Memorandum must be read and construed together with the relevant Final Terms. In the case of a Tranche of Bonds which is the subject of a Drawdown Memorandum each reference in this Programme Memorandum to information being specified in the relevant Final Terms shall be read*

and construed as a reference to such information being specified or identified in the relevant Drawdown Memorandum unless the context requires otherwise.

The Issuer has confirmed to the Dealers (if any have been appointed) named under “**Subscription and Sale**” below that this Programme Memorandum contains all information which is (in the context of the Programme, the issue and offering and sale of the Bonds) materials; that such information is true and accurate in all material respects and is not misleading in any material respect that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Programme Memorandum does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue and offering and sale of the Bonds) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Programme Memorandum or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as in the public domain and, if give or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Trustee or any Dealer.

Neither the Dealers nor any of the respective affiliates have authorised the whole or any part of this Programme Memorandum and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Programme Memorandum. Neither the delivery of this Programme Memorandum or any Final Terms nor the offering, sale or delivery of any Bond shall, in any circumstances, create any implication that the information contained in this Programme Memorandum is true subsequent to the date hereof or the date upon which this Programme Memorandum has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change in the prospects or financial or trading position of the Issuer since the date thereof or, if later the date upon which this Programme Memorandum has been most recently amended or supplemented or that any other information supplied in connection with Programme is correct at any time subsequent to the date on which it is supplied or, if different the date indicated in the document containing the same.

This Programme Memorandum should be read and construed in conjunction with each relevant Final Terms. Purchasers of Bonds should conduct such independent investigation and analysis regarding the Issuer, the security arrangements and the Bonds as they consider appropriate to evaluate the merits and risks of an investment in the Bonds. None of the Dealers (if any have been appointed) makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained herein or in any further information, notice or other document which may at any time be supplied in connection with the Bonds and none of them accepts any responsibility or liability therefor. None of the Dealers (if any have been appointed) undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Programme Memorandum nor to advise any investor or potential investor in the Bonds of any information coming to the attention of any of the Dealers (if any have been appointed).

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. It should be remembered that the price of securities and the income from them can go down as well as up.

The directors of the Issuer have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the

*omission of which would make misleading any statement in the document, whether of facts or of opinion. All the directors accept responsibility accordingly.*

**Any individual intending to invest in any investment described in this document should consult his or her professional adviser and ensure that he or she fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it.**

*In this Programme Memorandum, unless otherwise specified or the context otherwise requires, references to a “**Member State**” are references to a Member State of the European Economic Area, references to “**pounds sterling**” or “**sterling**” and “**£**” are to the lawful currency of the United Kingdom, references to “**US\$**” and “**US dollars**” are to United States of America dollars and references to “**€**” and “**euro**” are to the currency introduced from the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty of the European Union.*

In connection with the issue of any Tranche of Bonds, the Dealer or Dealers (if any have been appointed) named as the “**Stabilisation Manager(s)**” (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 calendar days after the issue date of the relevant Tranche of Bonds and 60 calendar days after the date of the allotment of the relevant Tranche of Bonds. Any stabilisation action commenced will be carried out in accordance with applicable laws and regulations.

THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY IN THE UNITED STATES NOR HAS THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY OF THE UNITED STATES PASSED UPON THE ACCURACY OR THE ADEQUACY OF THIS PROGRAMME MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE ISSUER HAS NOT REGISTERED AND WILL NOT REGISTER UNDER THE INVESTMENT COMPANY ACT. SUBJECT TO CERTAIN EXCEPTIONS, THE BONDS MAY NOT BE OFFERED OR SOLD OR, FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S). THIS PROGRAMME MEMORANDUM HAS BEEN PREPARED BY THE ISSUER FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE BONDS OUTSIDE THE UNITED STATES TO NON-US PERSONS PURSUANT TO REGULATION S, FOR THE LISTING OF THE BONDS ON THE VIENNA MTF AND FOR THE OFFER AND SALE OF THE BONDS WITHIN THE UNITED STATES TO QIB/QPS (AS DEFINED IN “**OVERVIEW OF THE PROGRAMME**”) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”). PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF THE BONDS MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS

ON OFFERS AND SALES OF THE BONDS AND DISTRIBUTION OF THIS PROGRAMME MEMORANDUM, SEE “**SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS**”.

TO NEW HAMPSHIRE RESIDENTS: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER RSA 421-B WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

### **Available Information**

The Issuer has agreed that, for so long as any Bonds are “**restricted securities**” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

### **Enforceability of Judgements**

The Issuer is an English public limited company. None of the directors and executive officers of the Issuer are residents of the United States of America, and all or a substantial portion of the assets of the Issuer and such persons are located outside the United States of America. As a result, it may not be possible for investors to effect service of process within the United States of America upon the Issuer or such persons or to enforce against any of them in the United States of America courts judgements obtained in United States of America courts, including judgements predicated upon the civil liability provisions of the securities laws of the United States of America or any State or territory within the United States of America.

### **Forward-Looking Statements**

This Programme Memorandum includes “**forward-looking statements**” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical facts included in this Programme Memorandum, including, without limitation, those regarding the Issuer’s financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer’s present and future business strategies and the environment in which the Issuer will operate in the future. These forward-looking statements speak only as of the date of this

Programme Memorandum. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which such statement is based.

## CONTENTS

Important Notices	4
Contents	9
Risk Factors	10
Mitigation	17
Overview of the Programme	18
Eligibility Criteria for Final Terms Issuance	34
Final Terms and Drawdown Memorandum	34
Form of the Bonds	39
Terms and Conditions of the Bonds	42
Form of Final Terms	73
Use of Proceeds	82
Overview of Provisions relating to the Bonds while in Global Form	83
Description of the Issuer	85
Book-entry clearing systems	87
Taxation	89
Subscription and Sale	93
General Information	96
Parties	99

## RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Bonds issued under the Programme. All of these factors are contingencies which may or may not occur. The Issuer has placed the factors in order of impact or likelihood of risk of any such contingency occurring.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Bonds issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Bonds may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Programme Memorandum and reach their own views prior to making any investment decision.

Prospective investors should read the entire Programme Memorandum. Words and expressions defined in the “**Terms and Conditions of the Bonds**” below or elsewhere in this Programme Memorandum have the same meanings in this section.

## RISKS RELATING TO THE ISSUER

### *The Issuer’s business*

The investment objective in respect of each Tranche of Bonds issued is to be achieved through the use of the proceeds by the Issuer. The Issuer will use the proceeds of each Tranche of Bonds issued to procure Borrower Loans with principal and interest payments made from Borrowers under the Borrower Loans intended to generate sufficient funds to enable the Issuer to satisfy its payment obligations under each relevant Series and Tranche of Bonds issued.

Before any portfolio of Borrower Loans is procured all cases must go through a strict review and assessment process, which will be carried out by the Collateral Manager, on behalf of the Issuer. This will include but not limited to financial analysis, market analysis and a full individual analysis. The Collateral Manager, on behalf of the Issuer, will monitor loans on an ongoing basis to make sure the credit risk remains within acceptable limits.

The Issuer has the power to replace the Collateral Manager if it does not meet its requirements under the Collateral Management Agreement, and the Trustee is in place to hold the assets in which the Issuer lends against as security so if the Issuer were to default on repayment the security would still be in place in favour of the Bondholders.

### *Issuer’s credit risk*

The Issuer has no material assets with the exception of the requirements of the Collateral Manager under the Collateral Management Agreement and the Borrower Loans procured and

any security granted as part of that. Payments made in respect of each Tranche of Bonds will come entirely from payments in relation to the Borrower Loans.

***As net proceeds from Bonds are being used to procure loans, there is credit risk inherent in these procurement activities***

The Issuer will use the net proceeds from Bonds issued to procure Borrower Loans and there is credit risk inherent in these procurement activities to be undertaken. As such any adverse changes in credit quality and loan recoverability could affect the Issuer's ability to make sufficient payments to satisfy its own payment obligations to the Bondholders.

***A downturn in business condition or the general economy in the UK may adversely affect all aspects of the Issuer's business***

The Borrower assets which will be subject to the Borrower Security will mainly be located in the UK and as such the geographical concentration of credit risk is mainly centred on the UK making the Issuer sensitive to adverse changes in the UK economy, which could impact on the value of the security taken as part of Borrower Security. Such decreases in value of security could have an impact on the Issuer's ability to make payments to the Bondholders.

The Issuer would not consider financing assets in which the repayment of the loan was not already identified. Further to this the Issuer will follow strict procurement criteria set out by the Credit Committee which will include, but not limited to, loan-to-value guidelines, geographical location and an experienced management team with extensive track record.

***Changes and mismatches in interest rates may adversely impact on the Issuer's revenue and/or profits***

A substantial fall in the general cost of lending in the UK may adversely impact the availability of Borrower Loans and thus the Issuer's ability to make payments to Bondholders. This is because the coupon payments to Bondholders are reliant on there being a sufficient pool of Borrower Loans in the market which there may not be.

***Possible exposure of the Issuer to fraud***

The Issuer is exposed to possible fraud by Borrowers, purported Borrowers, their professional advisors such as solicitors, accountants or valuers as well as by employees. Attempted fraud typically involves Borrowers either acting alone or in concert with professional advisors, seeking to obtain funds by adopting a false identity or using a false inflated property valuation or purporting to own a property or seeking a release of security without redeeming the underlying loan. In addition, solicitors could abscond with completion monies, although

redress under the indemnity arrangements required by the Solicitors Regulatory Authority is normally available in such circumstances.

Under the Collateral Management Agreement, the Collateral Manager will provide experienced individuals to the Issuer who will put in place processes and procedures to counter fraud risk, and insurance in place providing an indemnity against losses arising from dishonest, fraudulent or malicious acts committed by its staff, outside valuers, and outside solicitors.

### ***Brexit risk***

The United Kingdom's decision to invoke Article 50 of the Treaty on European Union and the failure to negotiate a suitable deal with the European Union, and the potential exit without the terms of a deal may have an adverse effect on the Collateral Manager's ability to source Borrower Loans of sufficient quality which could in turn adversely impact the Issuer's ability to fulfil its obligations under the Bonds.

## **RISK RELATING TO THE COLLATERAL MANAGER**

### ***Failure to attract, retain or replace senior management and skilled personnel could have a detrimental impact on the Collateral Manager's business***

Under the terms of the Collateral Management Agreement the Collateral Manager has agreed to appoint senior management and skilled employees to act as its Credit Committee, with experience relevant to the proposed business, and whilst they will be in place at the outset of the Programme, the Issuer's ability to ensure that it can fulfil its obligations under the Bonds is dependent on the Collateral Manager's ability to recruit, retain and develop appropriately skilled, competent people to assess the Borrower Loans proposed to be procured and to approve the procurement of such Borrower Loans. If the Credit Committee is not able successfully assess credit risk of Borrowers and the Borrower Loans proposed to be procured, then it may not be able to sustain its business as anticipated.

### ***Regulated activities***

Section 19 of the Financial Services and Markets Act 2000 provides that a person must not carry on a regulated activity in the UK, or purport to do so, unless he is an authorised or an exempt person. As at the date of the Programme Memorandum, the Collateral Manager's activities do not constitute a regulated activity within the meaning of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544). However, changes to the regulatory regime would have an impact with additional regulatory costs to the Issuer. The Collateral Manager will not carry out any regulated activities without becoming an authorised or an exempt person.

## **RISKS RELATED TO THE STRUCTURE OF A PARTICULAR ISSUE OF BONDS**

Fixed Rate Bonds, Floating Rate Bonds and Zero-Coupon Bonds may be issued under the Programme. A number of these Bonds have features which contain particular risks for potential investors. Set out below is a description of certain such features:

### ***Bonds subject to optional redemption by the Issuer***

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

The Issuer may be expected to redeem Bonds when the cost of borrowing is lower than the interest rate on the Bonds. At those times an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

### ***Fixed/Floating Rate Bonds***

Fixed/Floating Rate Bonds may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Bonds since the Issuer may be expected to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Bonds may be less favourable than the prevailing spreads on comparable Floating Rate Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Bonds. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the prevailing rates on its Bonds.

### ***Bonds issued at a substantial discount or premium***

The market values of securities issued at a substantial discount (such as Zero-Coupon Bonds) or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

## **RISKS RELATING TO BONDS GENERALLY**

Set out below is a brief description of certain risks relating to the Bonds generally.

### ***The Bonds are not protected by the Financial Services Compensation Scheme***

Unlike a bank deposit, the Bonds are not protected by the UK Financial Services Compensation Scheme (the “**FSCS**”) or any other government savings or deposit protection scheme. As a result, the FSCS will not pay compensation to an investor in the Bonds upon the failure of the Issuer. If the Issuer goes out of business or becomes insolvent, Bondholders may lose all or part of their investment in the Bonds.

### ***Modification, waiver and substitution***

The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Bonds also provide that the Trustee may without the consent of the Bondholders, agree to (a) any modification of any of the provisions of the Trust Deed or the Terms and Conditions of the Bonds that is of a formal, minor or technical nature or is made to correct a manifest error, (b) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of the provisions of the Bonds of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders, or (c) the substitution of another company (“**Substituted Issuer**”) as principal debtor under any Bonds in place of the Issuer where certain conditions described in Condition 17(c) (Substitution) of the Bonds are met. These conditions are:

- (i) if the Bonds are rated, the rating agencies confirm that the then current rating of the Bonds will not be adversely affected;
- (ii) a deed is executed or an undertaking given by the Substituted Issuer to the Trustee in a form satisfactory to the Trustee, agreeing to be bound by this principal Trust Deed, any relevant supplemental Trust Deed and the Bonds, receipts, interest coupons and talons of the relevant Series (with any consequential amendments which may be appropriate) as if the Substituted Issuer had been named herein and in the Bonds, receipts, interest coupons and talons of such Series as the principal debtor in place of the Issuer;
- (iii) the Substituted Issuer acquires the Issuer’s equity of redemption in the relevant Mortgaged Property (if any) or otherwise assumes all rights, obligations and liabilities in relation to the Mortgaged Property, acknowledges the security created in respect thereof pursuant to the relevant supplemental Trust Deed and takes all such action as the Trustee may require so that each such security constitutes a valid legal charge, pledge or other security interest as was originally created by the Issuer for the obligations of the Substituted Issuer;
- (iv) if any two directors of the Substituted Issuer certify that the Substituted Issuer will be solvent immediately after the time at which the said substitution is to be effected, the Trustee need not have regard to the financial condition, profits or prospects of such Substituted Issuer or compare the same with those of the Issuer;

- (v) the Trustee is satisfied that (a) all necessary governmental and regulatory approvals and consents necessary for or in connection with the assumption by the Substituted Issuer of liability as principal debtor in respect of, and of its obligations under, the Bonds, receipts, interest coupons, talons and any other relevant agreements have been obtained and (b) such approvals and consents are at the time of substitution in full force and effect;
- (vi) the Issuer and the Substituted Issuer execute and the Issuer procures that any relevant party execute such other deeds, documents and instruments (if any) as the Trustee may require in order that such substitution is fully effective and complies with such other reasonable requirements in the interests of the holders of the Bonds, receipts, interest coupons and talons as the Trustee may direct;
- (vii) in connection with any proposed substitution of the Issuer, the Trustee will, and may, with or without the consent of the holders of the Bonds, receipts, interest coupons or talons, agree to a change of the law from time to time governing such Bonds, receipts, interest coupons and talons and/or this principal Trust Deed and/or any relevant supplemental Trust Deed, provided that such change of governing law is not, in the opinion of the Trustee, materially prejudicial to the interests of such Bondholders and Couponholders in respect of the Mortgaged Property; and
- (viii) legal opinions satisfactory to the Trustee is provided concerning any proposed substitution.

### ***Taxation***

Prospective investors and sellers of the Bonds should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions.

### ***Bonds where denominations involve integral multiples: definitive Bonds***

In relation to any issue of Bonds which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another small amount, it is possible that such Bonds may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Bond in respect of such holding (should such definitive Bonds be printed) and would need to purchase a principal amount of Bonds such that its holding amounts to a Specified Denomination.

If definitive Bonds are issued, holders should be aware that definitive Bonds which has a denomination that it is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade. Risks relating to holding CREST Depository Interests Terms

used in this risk factor and not otherwise defined shall have the meanings given to such terms in “*Book-Entry Clearing Systems – Crest Depositary Interests*”.

Potential investors should note that none of the Issuer, the relevant Dealer, the Trustee, and the Paying Agents will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

## **RISKS RELATED TO THE MARKET GENERALLY**

### **The secondary market generally**

The Bonds have no established trading market when issued and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Bonds issued by the Issuer may be particularly sensitive to interest rate, currency or market risks because they are designed for specific investment objectives and strategies and have been structured to meet the underlying investors.

Owing to the underlying investment strategy and the fact that the underlying Borrower Loans will mature at varying times, if an investor chooses to sell its Bonds in the open market at any time prior to maturity of the Bonds, the price the investor will receive from a purchaser may be less than its original investment, and may be less than the amount due to be repaid at maturity of the Bonds if the investor were to hold onto the Bonds until then.

## MITIGATION

In the event that there are changes and mismatches in interest rates which may adversely impact on Issuer's revenue and/or profits, for example the Brexit Risk, the Issuer believes that they can mitigate this risk by maintaining a good network of finance brokers to source sufficiently good opportunities

In the event of a downturn in business condition or the general economy in the UK which may adversely affect all aspects of the Issuer's business, the Issuer looks to mitigate this risk by only financing assets in areas with high levels of demand and are not solely focused on yield based exits.

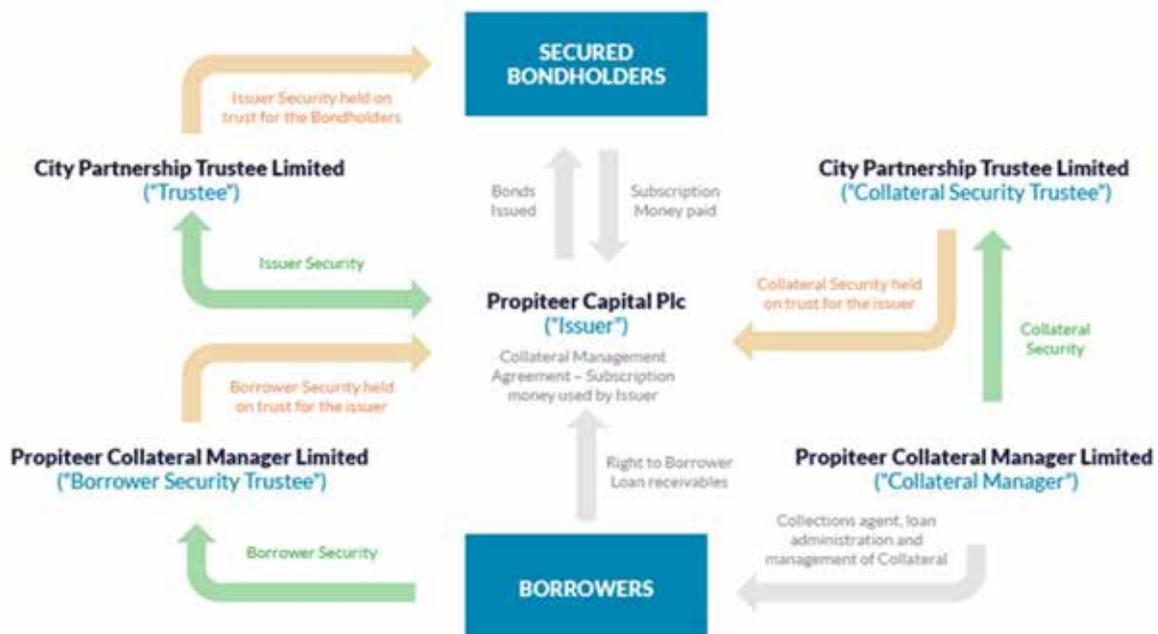
Potential investors are advised not to rely upon the description contained in the general description section of this Programme Memorandum but to ask for their own tax advisor's advice on their individual taxation with respect to the acquisition, sale and redemption of the Bonds. Only these advisors are in a position to duly consider the specific situation of the prospective investor. This investment consideration has to be read in connection with the taxation sections of this Programme Memorandum.

To clarify, this mitigation section does not form part of the "**Risk Factors**" above.

## OVERVIEW OF THE PROGRAMME

### Structure Diagram

The structure diagram below is qualified in its entirety by, the remainder of this Programme Memorandum and the applicable Final Terms/Drawdown Memorandum. Words and expressions defined elsewhere in this Programme Memorandum shall have the same meaning in this structure diagram.



## **PROPITEER CAPITAL PLC**

The Issuer is a public limited company registered and incorporated in England and Wales (with registration number 12101322). The Issuer is a special purpose vehicle set up to issue asset backed securities with the net proceeds from each issue being used to procure Borrower Loans from Borrowers secured against the Collateral. The Issuer will have an investment strategy focused on procuring facilities which are advanced to various sized enterprises. The decision to procure loans will reside with the Credit Committee of the Collateral Manager, who will consider a variety of procurement opportunities. The Collateral Manager has appointed external and independent non-executive directors to oversee the independence of the Credit Committee.

### ***Directors***

The directors of the Issuer are:

#### **David Gaynor**

David is a seasoned contractor with over forty years of experience and expertise. With a focus on high-end property construction, he has managed, at the most senior level, high-profile international projects, including iconic sovereign developments in the Middle East.

#### **Paul Lack**

A Barrister by training, Paul began his career in private practice before transferring to the employed bar in the late '90s. During his career he has, gained wide experience in the financial services sector, working in almost every facet of compliance, legal and operations at a variety of investment firms; establishing himself as a multi-talented senior executive with an operational and commercial approach.

Now an independent consultant, Paul's recent positions include CEO at Met Facilities LLP, a regulatory hosting platform. Group Chief Operating Officer at Exotix Partners LLP, an emerging market fixed-income and equities brokerage and research house and corporate finance advisor. Paul is also a non-executive director and founding shareholder of a regtech software business, AxiomHq, providing compliance and assurance software to financial services firms; large and small.

## **THE COLLATERAL MANAGER**

The Collateral Manager will manage the loan portfolios on behalf of the Issuer and has, under the terms of the Collateral Management Agreement, agreed with the Issuer to provide a well-respected advisory board made up of individuals who will act as its Credit Committee. The Credit Committee members have experience and backgrounds in all aspects of real estate property development including commercial and residential, development, refurbishment and long-term rental income portfolios.

The Credit Committee will approve a panel of some of the UK's leading valuation firms including Savills, Knight Frank, Colliers, CBRE and Gerald Eve.

Independent valuations will be made by selected members of the panel valuing the assets provided as security by borrowers and overseen by the Credit Committee.

The Collateral Manager was established in February 2020 specifically for the purposes set out above, and is operated by experienced individuals who deal with real estate lending, investment and development transactions (details of which are below). In the event that a director of the Collateral Manager mentioned below, ceases to be director, the Collateral Manager has undertaken to ensure that it appoints a replacement with equivalent expertise and experience.

### ***Directors and Credit Committee Chairman***

#### **Paul Hole - Director**

Paul has worked in the banking and financial industry for twenty-eight years, gaining experience in asset financial modelling, regulatory and compliance processes. A seasoned compliance manager, he is able to use his expertise to reduce the level of risk to lenders and borrowers alike. Paul is experienced at forging relationships with external third-party contractors, developers, significant investors and introducers.

Paul brings over seventeen years' experience at Goldman Sachs International as an Executive Director (VP) within Fixed Income, Currency and Commodities Division trading division, working with complex financial products and commodities.

Paul Hole is also head of Investor Relations and Compliance at Propiteer Limited, part of the Propiteer group, which has given its permission for him to be appointed to the board of the Collateral Manager. Propiteer Limited is also authorised and regulated by the FCA as an Appointed Representative (under reference number: 787500) of Met Facilities LLP, which is authorised and regulated by the FCA (under reference number: 587084).

Now an independent consultant, Paul's recent positions include CEO at Met Facilities LLP, a regulatory hosting platform. Group Chief Operating Officer at Exotix Partners LLP, an emerging market fixed-income and equities brokerage and research house and corporate finance advisor. Paul is also a non-executive director and founding shareholder of a regtech software business, AxiomHq, providing compliance and assurance software to financial services firms; large and small.

#### **Clive Stanford – Non-Executive Director**

Clive has forty years' experience working within the accounting and taxation profession with twenty-one years as a partner with Deloitte. A Fellow of the Institute of Chartered Accountants, and Associate of the Chartered Institute of Taxation, Clive had a distinguished career with Deloitte where, after a term as European Tax Director, he joined their Private Client Services

team in London - this included overseeing the relationships between London and the offshore offices.

Clive left Deloitte during 2007 to work directly with internationally mobile families, assisting with their financial and governance structures, and the interaction between their family and business interests.

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### ***Collateral Management Agreement***

In accordance with the collateral management agreement entered into between the Issuer and the Collateral Manager (the “**Collateral Management Agreement**”), the Collateral Manager will be responsible for Borrower Loan procurement through reputable introductions as well as managing the portfolio of loans on behalf of the Issuer and providing loan administration services including acting as collections agent.

The Collateral Management Agreement will be secured by the Collateral Manager granting a fixed and floating charge and/or assignment over its assets (the “**Collateral Security**”). This security will be granted in favour of the Collateral Security Trustee.

The principal terms of the Collateral Management Agreement will be for the Collateral Manager to be paid £1,000 per Credit Committee meeting, and for the Collateral Manager to be paid a fee of 0.25% of the value of the Borrower Loan on successful procurement of a Borrower Loan and a fee of 1% on the redemption of a Borrower Loan. Default by the Collateral Manager under the Collateral Management Agreement will entitle the Trustee to enforce the Issuer Security. The Issuer shall be required to provide the Collateral Manager with 3 months’ notice of termination of the Collateral Management Agreement and the Collateral Manager shall be required to provide no less than 12 months’ notice after the first 12-month period. Where either the Issuer or the Collateral Manager gives notice terminating the Collateral Management Agreement, such termination shall only take effect once the Issuer has appointed a replacement collateral manager (“**Replacement Collateral Manager**”) that the directors of the Issuer are of the belief has no less expertise than that of the Collateral Manager to undertake the services provided by the Collateral Manager under the Collateral Management Agreement. The replacement of the Collateral Manager will also need to be agreed to by the Bondholders.

### ***Borrower Loans***

The Issuer shall use the proceeds from each Tranche of Bonds to procure loans (each a “**Borrower Loan**” and, together, the “**Borrower Loans**”) which have been advanced to borrowers (each a “**Borrower**” and, together the “**Borrowers**”) meeting strict eligibility criteria pursuant to the terms of a loan agreement (each, a “**Borrower Loan Agreement**” and, together the “**Borrower Loan Agreements**”). On procurement, the legal nature of each Borrower Loan is that of a debt obligation owed by the Borrower to the Issuer. The Borrower Loans will be secured against the Collateral which produce funds sufficient to service any payments due and payable on the Bonds issued under a particular Series of Bonds.

The proceeds applied by the Issuer to procure Borrower Loans may be sourced from proceeds relating to more than one Series of Bonds. In circumstances where the proceeds applied to acquire the relevant Borrower Loan are sourced from more than one Series of Bonds, the respective interests of each relevant Series of Bonds in the relevant Borrower Loan and the security granted by the Issuer under the Issuer Deed of Charge will rank *pari passu* and pro rata according to the portion of the acquisition price funded by the relevant Series of Bonds. Additionally any interest receivable in relation to such Borrower Loans shall be split pro rata and applied to such Series of Bonds which have acquired such Borrower Loans in the relevant proportions that they have funded the acquisitions.

Each Borrower Loan Agreement will contain customary representations and warranties from the Borrower to the Issuer, including without limitation, representations and warranties as to the due incorporation of the Borrower, the power of the Borrower to enter into the Borrower Loan Agreement, that the Borrower has all necessary authorisations to enter into the Borrower Loan Agreement and that such entry will not contravene any other obligations of that Borrower, that the Borrower has all necessary authorisations to enter into the Borrower Loan Agreement and that such entry will not contravene any other obligations of that Borrower, that the Borrower is not required to make any deductions of tax, that the Borrower Loan Agreement is enforceable under English law (or an equivalent), that there will be no default from the making of the Borrower Loan, that there has been no material adverse change in the business or assets of the Borrower, that the Borrower is not subject to any material litigation, that the Borrower's obligations rank *pari passu* with all its other obligations and that the Borrower has good title to all its assets.

The Issuer will create separate Series of Bonds (and Tranches of a Series) from time to time to enable Bonds to be issued with varying terms and interest rates. Following the relevant issue date of Bonds, the Issuer will procure Borrower Loans in an aggregate principal amount equal to the amount set out in the Final Terms for such Series. Such amounts will equal the aggregate nominal amount of Bonds being issued pursuant to such Series less certain costs and expenses of the Issuer and an amount which the Issuer determines is required to be kept in cash or cash equivalents for liquidity purposes.

The Borrower Loans will broadly fall into two categories: (a) secured loans to individuals and undertakings for the purpose of commercial property acquisition or development; and (b) secured loans to small and medium sized undertakings for business purposes. It will be an obligation of the Issuer to ensure that the secured loans made for the purpose of commercial property development amount to less than 20% of the underlying loan portfolio in respect of the proceeds of each Tranche of Bonds. This requirement will be subject to ongoing testing.

In relation to the Borrower Loans, the security may take the form of tangible commercial or residential property along with other security types which will be considered including assignments of rental income relating to secured assets and debentures over the entire undertaking of Borrowers where appropriate security is available. When issuing Bonds using Final Terms, in the event that Borrower Loans are secured on or backed by real property, there will be no revaluation of the properties for the purpose of the issue and the valuations

quoted shall be as at the date of the original initial mortgage loan origination. The Collateral Manager's due diligence for each Borrower Loan, on behalf of the Issuer, will follow the following process:

1. Obtain valuation or appraisal of the security being offered from approved panel of valuation agents, all with appropriate professional indemnity insurance. The Collateral Manager may consider other MRICS valuations from other specialist valuers where specific real estate asset classes require additional expertise;
2. Obtain credit check / reference on the Borrower and assets held;
3. Obtain personal guarantees from the directors of the corporate Borrower if the Credit Committee requires;
4. Undertake all the required know-your-client and anti-money laundering checks on Borrower;
5. Understand the Borrower's existing finance arrangements and check track record if there is a proposed development loan;
6. Approval from the Credit Committee;
7. Agree terms with the Borrower, and
8. Solicitors (with expertise in real estate finance) instructed to prepare the loan and charge documents and check the Collateral is suitable for lending purposes.

There will be more than five Borrowers who will provide the security for each Series of Bonds and the principal amount of each Borrower Loan will not account for 20% or more of the aggregate principal amount of all Borrower Loans outstanding per Series of Bonds. Each payment due under the Borrower Loan Agreement will be collected by the Collateral Manager, on behalf of the Issuer, and paid into the Collateral Manager Custodian Account, an account opened by the Collateral Manager with the Custodian and over which security is granted by the Collateral Manager in favour of the Collateral Security Trustee.

### **Substitution of Borrower Loans**

Where there is an issue with a Borrower Loan, the Issuer will task the Credit Committee (via the Collateral Manager) with finding alternative Borrower Loans in order to comply with the Borrower Loan Eligibility Criteria or satisfy the minimum diversification criteria.

### ***Worked Example***

Whilst the rest of this Programme Memorandum sets out background to the Programme, the following is a worked example and summary of the type of loan portfolio of Borrower Loans, which will be procured by the Issuer from the funds raised from the first Tranche of Bonds issued.

The Issuer issues Final Terms for a Series under the Programme, called "**Propiteer Capital Series "\*"Bonds"** (where \* will denote the number of the Series). In this example the Propiteer

Capital Series “1” Bonds will pay a fixed coupon of 12% per annum, quarterly and will mature in three years. The example assumes the Bonds are issued on 1 April 2020. The first coupon payment will be due in 1 July 2020.

This Series will raise £1,500,000. The cost of the issuance will be £150,000. The net proceeds of the Series will be £1,350,000. The Issuer will transfer this amount to the Collateral Manager under the terms of the Collateral Management Agreement, who has arranged a portfolio of Borrower Loans in that amount, consisting of 6 separate loans as set out in detail below.

The Borrower Loans are a combination of bridging loans, property investment loans, loans to SME businesses. Each Borrower Loan will meet the Borrower Loan Eligibility Criteria and security will have been taken and as part of the arrangements the Trustee will take control of the Security in favour of the Issuer and the Bondholders.

The example Borrower Loan portfolio consists of:

**Borrower Loan 1 - Property Investment Loan**

Principal Amount:	£205,000
Value of assets over which security is being granted:	£405,000
Interest:	1.75% monthly
Borrower Credit Score/Repayment history:	Good
Monthly Repayment:	£3,588
Term:	36 months
Early Repayment:	Yes, 3 months interest payable on exit
Principal:	Payable at end of term

**Borrower Loan 2 - Property Investment Loan**

Principal Amount:	£306,875
Value of assets over which security is being granted:	£450,000
Interest:	1.75% monthly
Borrower Credit Score/Repayment history:	Excellent
Monthly Repayment:	£5,370
Term:	12 months
Early Repayment:	Yes
Principal:	Payable at end of term

### **Borrower Loan 3 - Property Investment Loan**

Principal Amount:	£155,000
Value of assets over which security is being granted:	£250,000
Interest:	1.75% monthly
Borrower Credit Score/Repayment history:	Excellent
Monthly Repayment:	£2,713
Term:	12 months
Early Repayment:	No
Principal:	Payable at end of term

### **Borrower Loan 4 - Property Investment Loan**

Principal Amount:	£255,000
Value of assets over which security is being granted:	£620,000
Interest:	1.50% monthly
Borrower Credit Score/Repayment history:	Fair
Monthly Repayment:	£3,825
Term:	24 months
Early Repayment:	Yes
Principal:	Payable at end of term

### **Borrower Loan 5 - Property Investment Loan**

Principal Amount:	£228,125
Value of assets over which security is being granted:	£365,000
Interest:	1.75% monthly
Borrower Credit Score/Repayment history:	Good
Monthly Repayment:	£3,992
Term:	36 months
Early Repayment:	Yes, 3 months interest payable on exit
Principal:	Payable at end of term

### **Borrower Loan 6 - Property Investment Loan**

Principal Amount:	£200,000
Value of assets over which security is being granted:	£305,000
Interest:	2.00% monthly
Borrower Credit Score/Repayment history:	Good
Monthly Repayment:	£4,000
Term:	36 months

Early Repayment:	Yes, 3 months interest payable on exit
Principal:	Payable at end of term

The monthly interest payments for each Borrower Loan are collected and administered by the Collateral Manager, on behalf of the Issuer. Sums are remitted to the Custodian to cover the required coupon payment in accordance with the Conditions and are paid by the Paying Agent on the relevant Interest Payment Date under the Bonds.

The below portfolio analysis sets out the fact that the balance of monies loaned compared to security means that the Bonds are fully collateralised. It also demonstrates that the required payments due under the Bonds are more than sufficiently covered by the income received from the portfolio of Borrower Loans, even in the event of a default by a third of the portfolio, which given the due diligence is considered most unlikely.

### **Portfolio Analysis**

Total Borrower Loan portfolio (total of Borrower Loans):	£1,350,000
Total asset valued secured (total value of assets):	£2,395,000
Total exposure:	58% LTV
Maximum single loan percentage:	68%
Total principal amount of Bonds for Series * Bonds:	£1,500,000
Coupon payment required for Bonds per month (accrued and payable quarterly):	£11,250*
Monthly income received from Borrower Loan repayments on Borrower Loan portfolio:	£23,488

The Bondholders have security over the Issuer's assets (which are held on trust for the Bondholders by the Trustee). In the event of non-repayment of a Borrower Loan by a Borrower, there would be a default under the Borrower Loan Agreement, and the Trustee would be entitled to exercise its enforcement rights, on behalf of the Bondholders, in accordance with the Trust Deed and would apply the recovered sums towards the required interest coupon payments; and if necessary repay the principal amounts due on the Bonds themselves. As can be seen above, the Bonds will be fully collateralised by the fact that the underlying Borrower Loan portfolio procured will have a loan-to-value limit exposure of 56%. Thus, full recovery would be expected even if there was significant default of over half the portfolio; which is considered most unlikely.

### **Stress Testing – Default Scenarios**

The examples below look at a stress tested scenario regarding the default of the two larger loan-to-value Borrower Loans in the portfolio, and which have the largest loan payments, Borrower Loans 2 and 4.

**Scenario 1** - If either Borrower Loans were to default, there would be a reduction in cashflow on a monthly basis, but all interest coupon payments for the Bondholders would still be paid

in full. If Borrower Loan 2 were (as the highest loan payment) to default the income from the Borrower Loan portfolio would fall by £5,460 each month. Whilst this would reduce the overall income, there would still be sufficient other income to cover the required monthly coupon payments due under the Bonds.

**Scenario 2** - If both Borrower Loans 2 and 6 were to default at the same time, the net income from the Borrower Loan portfolio would fall from £23,488 to £14,117 per month. There would still be sufficient other income to cover the required monthly coupon payments of £11,250 due under the Bonds; and accordingly full coupon payments to Bondholders would be paid.

Should unforeseen commercial conditions arise, such as a worldwide liquidity event similar to that faced by the economies of the world in 2008-2009, which would affect the Issuer's ability to pay the required monthly coupon payments due under the Bonds, then the coupons would be rolled up and continue to accrue and be paid to the Bondholders on the eventual redemption of the Bonds themselves.

### ***Credit Risk Assessment – Default Scenarios***

Each of the Borrower Loans has been assessed for credit risk. One of the six has been assessed as excellent, meaning there is little likelihood of default for the duration of the Borrower Loan. Four of the six in the portfolio have been assessed as good, meaning that default is unlikely in the first 18 months. One has been assessed as fair, meaning there is little likelihood of default in the first 6 months of the Borrower Loan but a small risk thereafter.

## **SECURITY**

The Issuer's obligations under the Bonds are secured in the manner described below in "**The Issuer Security Structure**".

The requirements of the Collateral Manager under the Collateral Management Agreement are secured in the manner described below in "**The Collateral Security Structure**".

Where a Borrower Loan is secured, a Borrower's obligations to the Issuer pursuant to the Borrower Loan Agreements are secured in the manner described below in "**The Borrower Security Structure**".

### ***Credit Enhancements***

The Bonds will not be subject to any credit enhancements and the Issuer will rely on the repayments to be made by Borrowers pursuant to the Borrower Loans and the proceeds of any property disposals to ensure that the Issuer is able to meet its obligations under the Bonds.

### ***Credit Committee***

The credit committee will be staffed by the two directors of the Issuer and individuals appointed by the Collateral Manager (who will be employed by the Collateral Manager) (the "**Credit Committee**"). The Credit Committee will act on the Issuer's behalf in considering and

approving which Borrower Loans will be procured using the net proceeds raised by the issue of that Series or Tranche of Bonds.

In particular the Credit Committee will be appointed to:

1. Review each proposed Borrower Loan (and any previously approved Borrower Loan) to determine whether it meets the Borrower Loan Eligibility Criteria; and
2. Review the concentration risk of the Borrower Loans and to ensure there is maintained a minimum diversification of more than 5 Borrower Loans per Series of Bonds.

The Credit Committee will review each proposed Borrower Loan on a standalone basis or as part of the overall aggregate collateral pool, to ensure it is sufficient to produce funds for the Issuer to meet any payments due and payable on the Bonds on a rolling 12-month basis. The Credit Committee will have the right to review and receive reports on each approved Borrower Loan and has the right to advise the Issuer to substitute Borrower Loans with other Borrower Loans in order to comply with the Borrower Loan Eligibility Criteria or satisfy the minimum diversification criteria.

The Credit Committee will rely on an initial analysis, due diligence and assessment of the preliminary risks of each Borrower Loan, carried out by the Collateral Manager pursuant to the terms of the Collateral Management Agreement (please see below).

Prior to approving a Borrower Loan, the Credit Committee shall carry out an assessment of the risk profile of the relevant Borrower and the proposed Borrower Loan based upon various qualitative and quantitative factors, including an assessment of:

1. The Borrower's industry sector and any relevant macro-economic factors;
2. The purpose for which the Borrower Loan is being sought and the capacity and sources of funds for repayment;
3. In the case of a project loan, the viability of the underlying project;
4. The credit history of the Borrower;
5. The proposed terms and conditions and covenants of the Borrower Loan; and
6. The availability of security for the Borrower Loan and the adequacy and enforceability of such security.

The initial chairman of the Credit Committee will be Paul Hole. He will be assisted from time to time by other suitably experienced or qualified individuals for the purposes of assessing the quality and suitability of procurement opportunities available to the Issuer through the Collateral Manager.

## ***Borrower Loan Procurement***

Under the terms of the Collateral Management Agreement the Collateral Manager shall be responsible for Borrower Loan procurement by way of relationships with brokers and introducers.

The directors of the Collateral Manager, have a combined industry experience of over 150 years, over which they have developed a trusted contact based nationally, including but not limited to brokers, fund managers, institutions, solicitors and administrators alike all of which have an expanding client bank of prospective borrowers who require loans that would satisfy the Borrower Loan Eligibility Criteria.

The proposed members of the Credit Committee and the directors of the Collateral Manager have experience not only from lending personal funds but also from completing transactions across a multitude of asset classes allowing them to understand not only the procurement criteria but also more importantly the risks associated.

The directors and senior management team of the Collateral Manager have developed a substantial and trusted contact base nationally over the past three decades and will source prospective Borrower Loans which satisfy the Borrower Loan Eligibility Criteria.

## **BACKGROUND TO THE TRUSTEE**

City Partnership Trustee Limited is one of the companies in the City Partnership group.

The City Partnership group provides the following services: registrar and receiving agent services; corporate administration, compliance and governance services; security trustee & escrow agent services; accounting services; fund administration services; corporate communications services; and software development services. Its clients include: quoted companies, unquoted companies, limited partnerships and charities; investment companies; (S)EIS Funds; and Inheritance Tax Schemes.

At the date of this Programme Memorandum, City Partnership Trustee Limited is acting as security trustee in excess of twenty loan note or bond offers.

## **THE ISSUER SECURITY STRUCTURE**

Under a deed of charge to be dated on or about the date of this Programme Memorandum between the Issuer and City Partnership Trustee Limited (the “**Trustee**”) (the “**Issuer Deed of Charge**”), the obligations of the Issuer under a Series of Bonds will be secured in favour of the Trustee (for the benefit of the Bondholders (the “**Issuer Secured Creditors**”)) by fixed first priority security over the proceeds of such series deposited by the Custodian Account and all of the Collateral Manager’s rights under the Collateral Management Agreement (the “**Issuer Security**”).

Pursuant to the Trust Deed, the Issuer Secured Creditors shall have recourse only to the Issuer Security and upon realisation by the Trustee of such Issuer Security where the net proceeds are insufficient for the Issuer to make all payments due to the Issuer Secured Creditors, the Issuer Secured Creditors shall not be entitled to take any further steps against the Issuer to recover any further sums owed to them.

The proceeds of any issuance of Bonds by the Issuer will be held by the Custodian Account (see below) until such time as it is advanced by the Issuer to procure Borrower Loans. It is intended that the procurement of a Borrower Loan portfolio will be simultaneous with the receipt of the proceeds of the issuance of Bonds. By granting the Issuer Security to the Trustee for the benefit of the Issuer Secured Creditors, the rights of the Issuer Secured Creditors to the Issuer Security shall rank first in priority to other creditors (including any affiliates of the Issuer) in the event of the insolvency of, or an insolvency related event occurring to, the Issuer. The rights of the Issuer Secured Creditors will not be affected by the insolvency or an insolvency related event of any other entity affiliated to the Issuer.

Each Series and Tranche of Bonds will be fully collateralised. This will be a requirement under the Collateral Management Agreement and will also be possible due to the loan-to-value of each Borrower Loan being not more than 90%. It is noted however that there will be periods where the money raised from each Series or Tranche of Bonds will not be fully deployed due to the Collateral Manager finalising Borrower Loans (i.e. closing the acquisition process of the loans that are being procured) and in instances where Borrower Loans have been repaid. However, during these periods the cash that is not deployed will be held by the Custodian. In these instances, the cash held by the Custodian will be considered an asset backing the Bonds, though the Collateral Manager, on behalf of the Issuer, will ensure that this type of asset will never be more than 20% of the assets backing a Series of Bonds.

## THE COLLATERAL SECURITY STRUCTURE

The requirements of the Collateral Manager under the Collateral Management Agreement will be secured by the Collateral Manager granting a fixed and floating charge and/or assignment over its assets and undertaking including all of its rights, if any from time to time, as collections agent, under each Borrower Loan Agreement (the "**Collateral Security**"). This security will be granted in favour of the City Partnership Trustee Limited (the "**Collateral Security Trustee**").

Under the Collateral Management Agreement, the Collateral Manager shall be required, as collections agent, to make payments to the Issuer at such times and in such amounts to enable the Issuer to satisfy its payment obligations under each relevant Tranche of Bonds issued. Interest payments and principal repayments collected by the Collateral Manager from Borrowers under the Borrower Loans will be paid by the Collateral Manager to the Issuer under the Collateral Management Agreement.

The Collateral Security Trustee will hold the benefit of Collateral Security on trust for the Issuer (and ultimately for the Bondholders) pursuant to a security trust deed between the Collateral Manager, the Issuer and the Collateral Security Trustee (the "**Collateral Security Trust Deed**"). In the event that the Collateral Manager is in breach of the Collateral Management

Agreement then this will, in certain circumstances, give the Collateral Security Trustee the right to enforce the Collateral Security in favour of the Issuer (and ultimately, the Bondholders). Enforcement of the Collateral Security will enable the Collateral Security Trustee to appoint receivers to deal with the relevant assets to which the Collateral Security relates, including receipt of payments from Borrowers under Borrower Loans.

The Collateral Security Trust Deed provides that the Collateral Security Trustee holds the benefit of the proceeds of enforcement of the Collateral Security first to meet the liabilities of the Collateral Trustee and, second to discharge the requirements to the Issuer under the Collateral Management Agreement.

## **THE BORROWER SECURITY STRUCTURE**

Where a Borrower Loan is secured under a deed of charge to be entered into between a Borrower, the Issuer and the Collateral Manager (the “**Borrower Security Trustee**”) (each a “**Borrower Deed of Charge**”), the obligations of the Borrower in respect of a Borrower Loan will be secured in favour of the Borrower Security Trustee by fixed and floating charges over the property, undertaking and assets of the Borrower (“the **Borrower Security**”).

The Borrower Security Trustee will hold the benefit of each Borrower Deed of Charge on trust for the Issuer pursuant to a security trust deed between the Issuer and the Borrower Security Trustee (the “**Borrower Security Trust Deed**”).

The Borrower Security Trust Deed provides that the Borrower Security Trustee holds the benefit of the proceeds of enforcement of any Borrower Deed of Charge first to meet the liability of the Borrower Security Trustee and, second, to discharge the obligations due to the Issuer.

Each Borrower Deed of Charge will contain customary representations and warranties from the Borrower to the Borrower Security Trustee, including without limitation, representations and warranties as to the ownership by the Borrower of its assets, that such assets are free from other security, that there are no adverse claims against such assets, that the Borrower has complied with all relevant laws in respect of those assets and that the security being granted under the Borrower Deed of Charge is enforceable.

## **CUSTODIAN ACCOUNT**

Global Custodial Services Ltd will act as Custodian and arrange for the opening of no fewer than two bank accounts (the “**Custodian Accounts**”) into which the net proceeds of any issuance of Bonds will be deposited pending the procurement of a Borrower Loan to a Borrower pursuant to a Borrower Loan Agreement and into which payments by Borrowers are made under the Borrower Loan Agreements.

## **TRANSACTION PARTIES**

<b>Issuer</b>	Propiteer Capital PLC, incorporated in England and Wales with registered number 12101322 and registered office at Oliver Barns, Maldon Road, Witham, Essex CM8 3HY. The principal place of business for the Issuer is Oliver Barns, Maldon Road, Witham, Essex CM8 3HY. The Issuer's telephone number at its registered office is 01376 319000. The Issuer's LEI code is: 635400PWTX8FMV3MNZ24.
<b>Custodian</b>	Global Custodial Services Ltd will act as custodian pursuant to the Agency Agreement and will provide the Custodian Accounts into which the net proceeds of any issuance of Bonds will be deposited.
<b>Collateral Manager</b>	Propiteer Collateral Manager Limited will act as the collateral manager on behalf of the Issuer (pursuant to the terms of the Collateral Management Agreement), to deal with loan procurement, liaison with brokers and introducers, providing the Credit Committee, deploy funds on behalf of the Issuer, arranging the appointment of property agents and property managers or to provide property management services on its behalf direct to ensure receipt of payments due under the Borrower Loans and general loan administration services. The principal terms of the Collateral Management Agreement will be for the Collateral Manager to be paid £1,000 per Credit Committee meeting, and for the Collateral Manager to be paid a fee of 0.25% of the value of the Borrower Loan on successful procurement of a Borrower Loan and a fee of 1% on the redemption of a Borrower Loan. Default by the Collateral Manager under the Collateral Management Agreement will entitle the Collateral Security Trustee to enforce the Collateral Security. The Issuer shall be required to provide the Collateral Manager with 3 months' notice of termination of the Collateral Management Agreement and the Collateral Manager shall be required to provide no less than 12 months' notice after the first 12-month period. Where either the Issuer or the Collateral Manager gives notice terminating the Collateral Management Agreement, such termination shall only take place once the Issuer has appointed a replacement collateral manager (" <b>Replacement Collateral Manager</b> ") that the directors of the Issuer are of the belief has no less expertise than that of the Collateral Manager to undertake the services provided by the Collateral Manager under the Collateral Management Agreement.
<b>Trustee</b>	City Partnership Trustee Limited (the " <b>Trustee</b> ") will act as trustee for and on behalf of the holders of the Bonds pursuant to a Trust Deed (the " <b>Trust Deed</b> ") to be entered into on or about the date of this Programme Memorandum between the Trustee and the Issuer and will act as security trustee and hold on trust for itself and the other Issuer Secured Creditors the security granted pursuant to the Issuer Deed of Charge and Security Trust Deed.

**Borrower Security Trustee** The Collateral Manager will act as trustee (the “**Borrower Security Trustee**”) and hold on trust for itself and the Issuer, the security granted by the Borrowers.

**Collateral Security Trustee** City Partnership Trustee Limited will act as trustee (the “**Collateral Manager Security Trustee**”) and hold on trust for itself and the Issuer, the security granted by the Collateral Manager to secure its requirements (including payment obligations) to the Issuer under the Collateral Management Agreement.

**Principal Paying Agent** Propiteer Capital Plc will act as principal paying agent (“**Principal Paying Agent**”) pursuant to a paying agency agreement (the “**Agency Agreement**”) to be entered into on or about the date of this Programme Memorandum between the Principal Paying Agent, the Trustee and the Issuer.

The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of the Principal Paying Agent and appoint a successor Principal Paying Agent.

**Calculation Agent** Propiteer Capital Plc will act as calculation agent (the “**Calculation Agent**”) pursuant to the Agency Agreement. The Calculation Agent in relation to any Series of Bonds and in relation to any determination or calculation specified in the Conditions will act as calculation agent of the Issuer for the purpose of making such determinations or calculations in accordance with the Conditions. The Calculation Agent is required to calculate certain amounts in relation to the Bonds. Bondholders may receive different distributions and/or payments as a result of roundings effected by the Calculation Agent. Whenever the Calculation Agent is required to act or exercise judgment, it will do so in good faith and in a commercially reasonable manner. The Calculation Agent shall, as soon as practicable after making any determination pursuant to the Conditions, notify the Issuer and the Bondholders of such determination. The Calculation Agent is not acting as a fiduciary for or as an advisor to the Bondholders in respect of its duties as Calculation Agent in connection with any Bonds.

The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of the Calculation Agent and to appoint a successor Calculation Agent.

**Bankers to the Issuer** Global Custodial Services Ltd will act as a payment services firm to the Issuer with underlying correspondent client money bank accounts being operated by the Custodian.

The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of the Bankers to the Issuer and to appoint a successor Bank.

## **ELIGIBILITY CRITERIA FOR FINAL TERMS ISSUANCE**

The Issuer, through services provided by the Collateral Manager, employs strict assessment criteria where only a certain number of loans are approved and the asset vs. loan book ratio is over-collateralised. The Issuer will only use institutional grade surveyors, solicitors with a minimum level of professional indemnity insurance and number of partners and drawdown of funds will only take place once all the security, anti-money laundering and due diligence procedures have been competently completed in accordance with the Credit Committee's requirements.

## **FINAL TERMS AND DRAWDOWN MEMORANDUMS**

In this section the expression "necessary information" means, in relation to a Tranche of Bonds, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospect of the Issuer and of the rights attaching to the Bonds. In relation to the different types of Bonds which may be issued under the Programme the Issuer has included in this Programme Memorandum all of the necessary information except for information relating to the Bonds which is not known at the date of the Programme Memorandum and which can only be determined at the time of an individual issue of a Tranche of Bonds.

Any information relating to the Bonds which is not included in this Programme Memorandum and which is required in order to complete the necessary information in relation to a Tranche of Bonds will be contained either in the relevant Final Terms or in a Drawdown Memorandum.

### **Final Terms**

For a Tranche of Bonds which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Programme Memorandum and must be read in conjunction with this Programme Memorandum. The terms and conditions applicable to any particular Tranche of Bonds which is the subject of Final Terms are the Conditions described in the relevant Final Terms.

### **Collateral**

Final Terms will be used for each Tranche of Bonds where the proceeds are used by the Issuer or the Collateral Manager, on its behalf, to procure Borrower Loans of various sized companies for business purposes, where Borrower Security will consist of one or more of the following types of security:

1. A legal charge over commercial or residential property in circumstance where no new or updated report is required as part of the Collateral Manager's due diligence in relation to any real property forming part of the Borrower Security.

*A legal charge gives the Borrower Security Trustee the right to take control of and deal with or dispose of the property the subject of the legal charge in the event of default by the Borrower under the Borrower Loan.*

2. An assignment of rental income in respect of commercial or residential property.

*An assignment of rental income provides the Issuer with the benefit of and right to receive the Rental Income and also the ability to bring proceedings against the underlying tenant to enforce its rights.*

3. A Charge over certain specific assets of the Borrower.

*A charge over certain assets provides the Borrower Security Trustee with the right to take control of and deal with or dispose of the particular asset the subject of the charge in the event of default by the Borrower under the Borrower Loan which gives the Borrower Security Trustee the right to enforce the security created.*

4. A debenture over the entire undertaking of the Borrower.

*A debenture can create security over a range of assets of the Borrower including mortgages over properties, fixed charges over a range of other assets and assignments by way of security over the benefit of contracts and insurance policies together with a floating charge over assets not otherwise mortgaged, charged or assigned. The Borrower Security Trustee will be able to take control of and deal with or dispose of assets secured under a debenture in the event of default by the Borrower under the Borrower Loan which enables to the Borrower Security Trustee to enforce its security.*

In each instance the security given by the Borrower will be held by the Borrower Security Trustee. To clarify, diversification of the loan portfolio will be maintained.

## **DRAWDOWN MEMORANDUMS**

The terms and conditions applicable to any particular Tranche of Bonds which is the subject of a Drawdown Memorandum will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Memorandum. In the case of a Tranche of Bonds which is the subject of a Drawdown Memorandum, each reference in this Programme Memorandum to information being specified or identified in the relevant Drawdown Memorandum unless the context requires otherwise.

### *Collateral*

A Drawdown Memorandum will be used for each Tranche of Bonds where the proceeds are used by the Issuer to procure Borrower Loans where Borrower Security is being given over the Collateral owned by the Borrower and as part of the Collateral Manager's due diligence for the Borrower Loan a new or updated valuation report is required in relation to that property. Full details of the Buyer Security will be contained in each relevant Drawdown Memorandum.

Each Drawdown Memorandum will be constituted either (1) by a single document containing the necessary information relating to the Issuer and the relevant Bonds or (2) by a prospectus which incorporates all or part of this Programme Memorandum.

## **BORROWER LOAN ELIGIBILITY CRITERIA**

In respect of Borrower Loans procured from the proceeds raised from a Tranche of Bonds issued pursuant to Final Terms or a Drawdown Memorandum, each Borrower Loan must satisfy the following "**Borrower Loan Eligibility Criteria**":

- (a) It is an obligation that is secured by assets of the obligor or guarantor thereof (if and to the extent security over such assets is permissible under applicable law (save in the case of assets so numerous or diverse that the failure to take such security is consistent with reasonable secured lending practices) and such security is granted under English law or the law of the jurisdiction where that asset is located (a "**Secured Loan**");
- (b) It is denominated in either Sterling, Euro or United States Dollars;
- (c) It is an obligation of a Borrower or Borrowers having, in the case of an individual, their primary residence and, in the case of a company or partnership, their registered office address and principal place of business, in the United Kingdom or any jurisdiction of the European Union;
- (d) It is an obligation in respect of which (i) payments will not be subject to withholding tax imposed by any jurisdiction including where this is pursuant to the operation of an applicable tax treaty subject to the completeness of any procedural formalities or (ii) the obligor is required to make "gross-up" payments to the Collateral Manager, on behalf of the Issuer, that cover the full amount of any such withhold on an after-tax basis;
- (e) With the exception of property development loans, it is an obligation that pays or compounds interest no less frequent than annually at a rate which, when aggregated with all other Borrower Loans on a rolling 12 month basis, produces funds to the Issuer sufficient to service any payments due and payable on the Bonds (There is an underlying obligation on the Collateral Manager to ensure that property development loans amount to less than 20% of the loan portfolio so to ensure that the Issuer is able to service payments due and payable on the Bonds issued);
- (f) It is not an obligation in respect of which interest payments are scheduled to decrease;
- (g) It is not convertible into equity;

- (h) It is an obligation which has a loan-to-value ratio in relation to the principal amount of the Borrower Loan equal to or below 100%, and where that Borrower Loan is secured against real property a valuation of the property and cash flow/income streams (where the valuation report is a new or updated valuation report the Borrower Loan may only be procured from proceeds of a Tranche of Bonds issued pursuant to a DrawdownMemorandum);
- (i) It will not result in the imposition of stamp duty or stamp duty reserve tax payable by the Issuer;
- (j) It must require the consent of the Issuer to the Borrower there under for any change in the principal repayment profile or interest applicable on such obligation for the avoidance of doubt, excluding any changes originally envisaged in the loan documentation;
- (k) It is capable of being, and will be the subject of a security interest in favour of the Borrower Security Trustee;
- (l) It will not result in the imposition of any present or future, actual or contingent, monetary liabilities or obligations of the Issuer other than those (i) which may arise at its option; or (ii) which are fully secured; or (iii) which are subject to limited recourse provisions; or (iv) which may arise as a result of an undertaking to participate in a financial restructuring of a Secured Loan where such undertaking is contingent upon the redemption in full of such Secured Loan on or before the time by which the Issuer is obliged to enter into the restructured Secured Loan and where the restructured Secured Loan satisfies the Borrower Loan Eligibility Criteria; and
- (m) It has a maturity date that is no later than the latest Maturity Date of all Bonds outstanding.

The Borrower Loan Eligibility Criteria is designed, among other things, to ensure that the Borrower Loans which back a Series of Bonds have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Bonds of that Series. For example, one requirement, is that, with the exception of development loans a Series of Bonds to a Borrower pays interest no less frequently than annually at a rate which, when aggregated with all Borrower Loans on a rolling 12 month basis issued under the Series, produces funds sufficient to enable the Collateral Manager to make sufficient payments to the Issuer, as collections agent, so it is able to service all payments due and payable on the Bonds issued under that Series. Development loans shall always make up less than 20% of the loan portfolio to ensure the Collateral Manager is able to make sufficient payments to the Issuer to enable it to service payments due and payable on the Bonds issued.

The subsequent failure of a Borrower Loan to satisfy any of the Borrower Loan Eligibility Criteria shall not prevent any obligation which would otherwise be required to be performed nor shall it stop that loan from being a Borrower Loan so long as such obligation satisfied the Borrower Loan Eligibility Criteria when the Issuer entered into the relevant Borrower Loan Agreement.

## FORM OF THE BONDS

Each Tranche of Bonds will be in the form of either individual bond certificates in registered form (“**Individual Bond Certificates**”) or a global Bond in registered form (a “**Global Registered Bond**”), in each case as specified in the relevant Final Terms.

In a press release dated 22 October 2008, “**Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations**”, the ECB announced that it had assessed the new holding structure and custody arrangements for registered bonds / notes with the ICSDs had designed in cooperation with market participants and that Bonds to be held under the new structure (the “**New Safekeeping Structure**” or “**NSS**”) would be in compliance with the “**Standards for the use of EU securities settlement systems in ESCB credit operations**” of the central banking system for the euro (the “**Eurosystem**”), subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Bonds to be held in NSS form would be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2010 and that registered debt securities in global registered form held issued through Euroclear and Clearstream, Luxembourg after 30 September 2010 would only be eligible as collateral in Eurosystem operations if the New Safekeeping Structure was used.

Whether or not the Bonds are intended to be held in a manner which would allow Eurosystem eligibility will be set out in the relevant Final Terms. Note that the designation “**Yes**” in the relevant Final Terms means that the Bonds are intended upon issue to be deposited with one of the ICSDs acting as common safekeeper and does not necessarily mean that the Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria being amended in the future such that the Bonds are capable of meeting them, the Bonds may then be deposited with one of the ICSDs as common safekeeper and registered in the name of a nominee of one of the ICSDs acting as common safekeeper. Note that this does not necessarily mean that the Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

Each Global Registered Bond will either be: (a) in the case of a Bond which is not to be held under the new safekeeping structure NSS, registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Bond will be deposited on or about the issue date with the common depository and will be exchangeable in accordance with its terms; or (b) in the case of a Bond to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or other relevant clearing system and the relevant Global Registered Bond will be deposited on or about the issue date with the common safekeeper for Euroclear and/or

Clearstream, Luxembourg and will be exchangeable for Individual Bond Certificates in accordance with its terms.

If the relevant Final Terms specifies the form of Bonds as being “Individual Bond Certificates”, then the Bonds will at all times be in the form of Individual Bond Certificates issued to each Bondholders in respect of their respective holdings.

If the relevant Final Terms specifies the form of Bonds as being “**Global Registered Bond registerable for Individual Bond Certificates**”, then the Bonds will initially be in the form of a Global Registered Bond which will be exchangeable in whole, but not in part, for Individual Bond Certificates:

1. On the expiry of such period of notice as may be specified in the Final Terms; or
2. At any time, if so specified in the relevant Final Terms; or
3. If the relevant Final Terms specifies “in the limited circumstances described in the Global Registered Bond”, then if either of the following events occurs:
  - a. Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
  - b. If the Trustee is satisfied that, on the occasion of the next payment due in respect of the Bonds of the relevant Series, the relevant Issuer or any of the Transfer and Paying Agents would be required to make any deduction or withholding from any payment in respect of such Bonds which would not be required were such Bonds in definitive form.

In relation to any Bonds issued with a denomination of €1,000 (or equivalent) and integral multiples of €1,000 (or equivalent), the Global Registered Bond Certificate representing such Bonds shall only be exchangeable to Individual Bond Certificates in the limited circumstances described above.

Whenever a Global Registered Bond Certificate is to be exchanged for Individual Bond Certificates, each person having an interest in a Global Registered Bond Certificate must provide the Registrar (through the relevant clearing system) with such information as the Issuer and the Registrar may require to complete and deliver Individual Bond Certificates (including the name and address of each person in which the Bonds represented by the Individual Bond Certificates are to be registered and the principal amount of each such person’s holding).

Whenever the Global Registered Bond is to be exchanged for Individual Bond Certificates, the Issuer shall procure that the Individual Bond Certificates will be issued in an aggregate principal amount of the Global Registered Bond within five business days of the delivery by, or on behalf of the registered holder of the Global Registered Bond to the Registrar of such information as is required to complete and deliver such Individual Bond Certificates (including,

without limitation, the names and addresses of the persons in whose names the Individual Bond Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Registered Bond at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Trust Deed and the Agency Agreement and the regulations concerning the transfer and registration of Bonds scheduled to the Agency Agreement and, in particular shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

### ***Terms and Conditions applicable to the Bonds***

The terms and conditions applicable to any Individual Bond Certificates will be endorsed on that Individual Bond Certificates and will consist of the terms and conditions set out under "***Terms and Conditions of the Bonds***" below and the provisions of the relevant Final Terms which complete those terms and conditions. The terms and conditions applicable to any Global Registered Bond will differ from those terms and conditions which would apply to the Bond were it in definitive form to the extent described under "***Summary of Provisions Relating to the Bonds while in Global Form***" below.

## TERMS AND CONDITIONS OF THE BONDS

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Certificate issued under the Programme. In the case of any Tranche of Bonds which are being admitted to trading on a regulated market in a Member State, the relevant Final Terms shall not amend or replace any information in this Programme Memorandum. Subject to this, to the extent permitted by applicable law and/or regulation, the Final Terms in respect of any Tranche of Bonds may complete any information in this Programme Memorandum. The terms and conditions applicable to any Bond in global form will differ from those terms and conditions which would apply to the Bond were it in definitive form to the extent described under “**Summary of Provisions Relating to the Bonds while in Global Form**” below.

### 1. Introduction

- (a) **Programme:** Propiteer Capital PLC (the “**Issuer**”) has established a secured limited recourse bond programme (the “**Programme**”) for the issuance of bonds (the “**Bonds**”).
- (b) **Final Terms:** The Bonds issued under the Programme are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each a “**Tranche**”) of Bonds. Each Tranche is the subject of a final terms (the “**Final Terms**”) which completes these terms and conditions (the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Bonds are these Conditions as completed by the relevant Final Terms.
- (c) **Trust Deed:** The Bonds are constituted by, are subject to, and have the benefit of, a trust deed dated on or around 6 August 2020 (as amended or supplemented from time to time, the “**Trust Deed**”) between the Issuer and City Partnership Trustee Limited as trustee (the “**Trustee**”, which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed).
- (d) **Deed of Charge:** The Bonds are secured pursuant to a deed of charge dated on or around the date of the Trust Deed (as amended or supplemented from time to time, the “**Issuer Deed of Charge**”) between the Issuer and the Trustee;
- (e) **Agency Agreement:** The Issuer will from time to time enter into an issue and paying agency agreement in connection with the services for Bonds (the “**Agency Agreement**”) between, among others, the Issuer, Principal Paying Agent and Avenir Registrars Limited, as registrar (the “**Registrar**”, which expression includes any successor Registrar and any successor Principal Paying Agent appointed from time to time in connection with the Bonds), the paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Bonds), the transfer agents named therein (together with the Registrar, the “**Transfer Agents**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Bonds) and the Trustee. In these Conditions references to the “**Agents**” is to any one of them.

- (f) **The Bonds:** The Bonds will be issued in registered form. Pursuant to the Issuer's Articles of Association, the execution by the Issuer of any Bond Certificates (as defined below) representing Bonds issued under the Programme will be under hand and not under seal. All subsequent references in these Conditions to "Bonds" are to the Bonds which are the subject to the relevant Final Terms. Copies of the relevant Final Terms are available for viewing at the London office of the Trustee at Suite 2 Park Valley House C/O The City Partnership (UK) Ltd, Park Valley Mills, Meltham Road, Huddersfield, United Kingdom, HD4 7BH and the Specified Office of the Principal Paying Agent.
- (g) **Security Trust Deed:** The Issuer has entered into a security trust deed dated on or around the date of the Trust Deed between the Issuer and City Partnership Trustee Limited (the "Trustee") (the "Security Trust Deed").
- (h) **Summaries:** Certain provisions of these Conditions are summaries of the Trust Deed, the Security Trust Deed and the Agency Agreement and are subject to the detailed provisions of such deed and agreement. Bondholders and the holders of the related interest coupons, if any, (the "Couponholders" and the "Coupons", respectively) are bound by, and are deemed to have notice of and are entitled to the benefit of, all the provisions of the Trust Deed, the Security Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed, the Security Trust Deed and the Agency Agreement are available for inspection by Bondholders and Couponholders during normal business hours at the Specified Office of each of the Agents, the initial Specified Offices of which are set out below. The Trustee acts for the benefit of the Bondholders and the Couponholders in accordance with the provisions of the Trust Deed and the Security Trust Deed.

## 2. Interpretation

- (a) **Definitions:** In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Bank**" means Global Custodial Services Ltd acting as a payment services operator holding client funds at authorised banking institutions;

"**Business Day**" means:

- i. In relation to any sum payable in Euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle generally in each (if any) Additional Business Centre; and

- ii. In relation to any sum payable in a currency other than Euro, the date on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

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

- i. **“Following Business Day Convention”** means that the relevant date shall be postponed to the first following day that is a Business Day;
- ii. **“Modified Following Business Day Convention”** or **“Modified Business Day Convention”** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- iii. **“Preceding Business Day Convention”** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- iv. **“FRN Convention”, “Floating Rate Convention”** or **“Eurodollar Convention”** means that each relevant date shall be that date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period;
- v. After the calendar month in which the preceding such date occurred **provided, however, that:**
  - a) If there is no such numerically corresponding day in the calendar months in which any such date should occur, then such date will be the last day which is a business day in that calendar month;
  - b) If any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar months, in which case it will be the first preceding day which is a Business Day; and
  - c) If the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- vi. **“No Adjustment”** means that the relevant date shall not to be adjusted in accordance with any Business Day Convention;

**“Calculation Agent”** means the Principal Paying Agent or such other person specified in a relevant Final Terms as the party responsible for calculating the rate(s) of Interest

and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

“**Calculation Amount**” has the meaning given in the relevant Final Terms;

“**Call Option**” has the meaning given in the relevant Final Terms;

“**Coupon Sheet**” means, in respect of a Bond, a coupon sheet relating to the Bonds;

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- i. If “**Actual/Actual (ICMA)**” is so specified, means:
  - (A) Where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (B) Where the Calculation Period is longer than one Regular Period, the sum of:
    - (a) The actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (b) The actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) of the number of Regular Periods in any year;
- ii. If “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- iii. If “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;
- iv. If “**Actual/365 (Sterling)**” is so specified, means the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payments Date falling in leap year, 366;
- v. If “**Actual/360**” this is specified, is the actual number of days in the Calculation Period divided by 360;
- vi. If “**30/360**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

Day =

$$\frac{[360x(Y2-Y1)] + [30 x (M2-M1)] + (D2-D1)}{360}$$

where:

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

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

- vii. If “**30E/360**” or “**Eurobond Basis**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction =

$$\frac{[360x(Y2-Y1)] + [30 x (M2-M1)] + (D2-D1)}{360}$$

where

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

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 in which case D2 will be 30; and

- viii. If “**30E/360 (ISDA)**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction =

$$\frac{[360x(Y2-Y1)] + [30 x (M2-M1)] + (D2-D1)}{360}$$

where

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

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

“D1” is the first calendar day, expressed as the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

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

**provided, however, that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

“**Early Redemption Amount**” means, in respect of any Bond, its principal amount;

“**Early Termination Amount**” means, in respect of any Bond, its principal amount;

“**EURIBOR**” means, in respect of any specified currency and any Specified Period, the interest rate benchmark known as the Euro zone Interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a

panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor).

Amounts payable under the Bonds may be calculated by reference to LIBOR or EURIBOR, as specified in the applicable Final Terms. As at the date of this Prospectus, the European Money Markets Institute (“**EMMI**”), the administrator of EURIBOR, and ICE Benchmark Administration Limited, the administrator of LIBOR, are included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority’s register of administrators under Article 36 of Regulation (EU) 2016/1011 (as amended or superseded, the “**Benchmarks Regulation**”).

“**Euro**” means the single currency introduced at the start of the third stage of European economic and monetary union, as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the Euro as amended;

“**Extraordinary Resolution**” has the meaning given in the Trust Deed;

“**Final Redemption Amount**” means, in respect of any Bond, its principal amount;

“**First Interest Payment Date**” means the date specified in the relevant Final Terms;

“**Fitch**” means Fitch Ratings Ltd or any successor thereof;

“**Fixed Coupon Amount**” has the meaning given in the relevant Final Terms;

“**Holder**” has the meaning given in condition 3(d) (Form, Denomination and Title – Title to Bonds);

“**Indebtedness**” means any indebtedness for money borrowed or raised including (without limitation) any indebtedness for in respect of:

- i. Amounts raised by acceptance under any acceptance credit facility;
- ii. Amounts raised under any note purchase facility;
- iii. The amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- iv. The amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- v. Amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

**“Interest Amount”** means, in relation to a Bond and an Interest Period, the amount of interest payable in respect of that Bond for that Interest Period;

**“Interest Commencement Date”** means the Issue Date of the Bonds or such other date as may be specified in the Interest Commencement Date in the relevant Final Terms;

**“Interest Determination Date”** has the meaning given in the relevant Final Terms;

**“Interest Payment Date”** means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

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

**“Interest Period”** means each period beginning on (and including) of the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**“ISDA Definitions”** means the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Bonds of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association Inc) or, if so specified in the relevant Final Terms, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Bonds of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association Inc);

**“Custodian Account”** means the Sterling or other currency accounts of the Issuer opened with the Custodian or any replacement therefor;

**“Issuer Secured Creditors”** means each of (a) the Bondholders, (b) the Couponholders, (c) the Trustee and (d) the Agents;

**“Issue Date”** has the meaning given in the relevant Final Terms;

**“LIBOR”** means, in respect of any Specified Currency and any specified period, the interest rate benchmark known as the London Interbank offered rate which is calculated and published by the designated distributor (currently Thomson Reuters) in

accordance with the requirements from time to time of the British Bankers' Association based on estimated interbank lending rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historical LIBOR rates can be obtained from a designated distributor) or such replacement benchmark formally designated, nominated or recommended as the replacement to LIBOR by any applicable central bank, regulator or supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board.

Amounts payable under the Bonds may be calculated by reference to LIBOR or EURIBOR, as specified in the applicable Final Terms. As at the date of this Prospectus, the European Money Markets Institute ("**EMMI**"), the administrator of EURIBOR, and ICE Benchmark Administration Limited, the administrator of LIBOR, are included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority's register of administrators under Article 36 of Regulation (EU) 2016/1011 (as amended or superseded, the "**Benchmarks Regulation**").

"**Margin**" has the meaning given and the relevant Final Terms;

"**Maturity Date**" has the meaning given in the relevant Final Terms;

"**Maximum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Minimum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Moody's**" means Moody's Investors Services Ltd. or any successor thereof;

"**Bondholder**" has the meaning given in Condition 3(d) (Form, Denomination and Title – Title to Bonds)

"**Optional Redemption Amount (Call)**" means, in respect of any Bond, its principal amount or such other amount as may be specified and the relevant Final Terms;

"**Optional Redemption Amount (Put)**" means, in respect of any Bond, its principal amount;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Final Terms;

"**Payment Business Day**" means:

If the currency of payment is Euro, any day which is:

- a. A day on which banks in a relevant place of presentation are open for presentation for dealings in foreign currencies; and

- b. In the case of payment by a transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

If the currency of payment is not Euro, any day which is:

- a. A day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
- b. In the case of payment by a transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

**“Person”** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**“Principal Financial Centre”** means, in relation to any currency, the principal financial centre for that currency provided, however, that in relation to Euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

**“Put Option Notice”** means a notice which must be delivered to the Paying Agent by any Bondholder wanting to exercise the right to redeem a Bond at the option of the Bondholder;

**“Put Option Receipt”** means the receipt issued by a Paying Agent to a depositing Bondholder upon deposit of a Bond with such Paying Agent by any Bondholder wanting to exercise the right to redeem a Bond at the option of the Bondholder;

**“Quotation Time”** has the meaning given in the relevant Final Terms;

**“Rate of Interest”** means the rate of rates (expressed as a percentage per annum) of interest payable in respect of the Bonds specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

**“Redemption Amount”** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), The Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

**“Redemption Margin”** has the meaning given in the relevant Final Terms;

**“Reference Banks”** means for major banks selected by the Calculation Agent in the market that is most closely connected with the reference rate;

**“Reference Date”** will be set out in the relevant notice of attention;

**“Reference Price”** has the meaning given in the relevant Final Terms;

**“Reference Rate”** means EURIBOR or LIBOR as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms;

**“Register”** means the register maintained by the Registrar in respect of the Bonds in accordance with the Agency Agreement;

**“Regular Period”** means:

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

**“Relevant Date”** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Bondholders;

**“Relevant Financial Centre”** has the meaning given in the relevant Final Terms;

**“Relevant Screen Page”** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page and the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**“Relevant Time”** has the meaning given in the relevant Final Terms;

**“Reserved Matter”** means any proposal to change any date fixed for payment of principal or interest in respect of the Bonds, to reduce the amount of principal or interest payable on any date in respect of the Bonds, to alter the method of calculating the amount of any payment in respect of the Bonds or the date for any such payment, to change the currency of any payment under the Bonds or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

**“Security”** means any Security Interest created, evidenced or conferred by or under the Deed of Charge;

**“Security Interest”** means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

**“Secured Liabilities”** means all present and future monies, debts and liabilities due, owing or incurred by the Issuer to the Issuer Secured Creditors;

**“Specified Currency”** has the meaning given in the relevant Final Terms;

**“Specified Denomination(s)”** has the meaning given in the relevant Final Terms;

**“Specified Office”** has the meaning given in the Agency Agreement;

**“Specified Period”** has the meaning given in the relevant Final Terms;

**“Standard & Poor’s”** means the Standard & Poor’s Rating Services or any successor thereof;

**“Talon”** means a talon for further coupons;

**“TARGET2”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payments system which utilises a single the shared platform and which was launched on 19 November 2007;

**“TARGET Settlement Day”** means any day on which TARGET2 is open for the settlement of payment in Euro;

**“Transaction Documents”** means the Trust Deed, the Issuer Deed of Charge, the Security Trust Deed and the Agency Agreement; and

**“Treaty”** means the Treaty establishing the European Communities, as amended.

(b) Interpretation: in these Conditions:

i. If the Bonds are Zero Coupon Bonds, references to Coupons and Couponholders are not applicable;

- ii. If Talons are specified in the relevant Final Terms as being attached to the Bonds at the time of issue, references to Coupons and Couponholders shall be deemed to include references to Talons and holders of Talons, respectively;
- iii. If Talons are not specified in the relevant Final Terms as being attached to the Bonds at the time of issue, references to Talons are not applicable;
- iv. Any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (Taxation) and any other amount in the nature of interest payable pursuant to these Conditions;
- v. Any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (Taxation) and any other amount in the nature of interest payable pursuant to these Conditions;
- vi. References to Bonds being “outstanding” shall be construed in accordance with the Trust Deed;
- vii. If an expression is stated in Condition 2(a) (Definitions) to have the meaning given in the relevant Final Terms but the relevant Final Terms give no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Bonds; and
- viii. Any reference to the Trust Deed or the Agency Agreement shall be construed as a reference to the Trust Deed or the Agency Agreement, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Bonds.

### 3. **Form, Denomination and Title**

- (a) **Registered Bonds:** The Bonds are issued in registered form, serially numbered and in the Specified Denomination(s) which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.
- (b) **Title to Bonds:** The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A registered certificate (each, a “**Bond Certificate**”) will be issued to each Holder of Bonds in respect of its registered holding. Each Bond Certificate will be numbered serially with an identifying number which will be recorded in the Register. “**Holder**” means the person in whose name such Bond is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Bondholder**” shall be construed accordingly.
- (c) **Ownership:** The Holder of any Bond or Coupon shall (except as otherwise required by law or ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust of any other interest therein, any writing thereon or on the Bond Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No Person

shall have any right to enforce any term or condition of any Bond under the Contracts (Rights of Third Parties) Act 1999.

- (d) **Transfers of Bonds:** Subject to paragraphs (i) (Closed periods) and (j) (Regulations concerning transfers and registration) below and to the Conditions set forth in the Agency Agreement, a Bond may be transferred in whole or in part upon surrender of the relevant Bond Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Bond may not be transferred unless the principal amount of Bonds transferred and (where not all of the Bonds held by a Holder are being transferred) the principal amount of the balance of Bonds not transferred are Specified Denominations. Where not all the Bonds represented by the surrendered Bond Certificate are the subject of the transfer, a new Bond Certificate in respect of the balance of Bonds will be issued to the transferor.
- (e) **Registration and delivery of Bond Certificates:** Within five business days of the surrender of a Bond Certificate in accordance with paragraph (f) (Transfers of Bonds) above, the Registrar will register the transfer in question and deliver a new Bond Certificate of a like principal amount to the Bonds transferred to each relevant Holder at its Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured risk of any such relevant Holder to the address specified for the purpose by such relevant Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (f) **No charge:** The transfer and registration of a Bond will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (g) **Closed periods:** Bondholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Bonds.
- (h) **Regulations concerning transfers and registration:** All transfers of Bonds and entries on the Register are subject to the detailed regulations concerning the transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar.

#### 4. **Status and Application of Moneys**

- (a) **Status:** The Bonds and Coupons constitute direct and secured obligations of the Issuer which will at all times rank *pari passu* and without preference or priority among themselves.

- (b) **Application of Moneys:** All moneys received by the Trustee in respect of the Bonds or recovered by the Trustee or any Receiver following the enforcement of the Security despite any appropriation of all or part of them by the Issuer (including any moneys which represent principal or interest in respect of Bonds or Coupons which have become void under the Conditions) shall be held by the Trustee on trust to apply them in the following order of priority pursuant to the terms of the Trust Deed:
- i. First, in or towards satisfaction of (x) the costs, expenses, fees or other remuneration and indemnity payments (if any) and any other amounts incurred by the Trustee in preparing and executing the trusts and performing any obligations under the Transaction Documents; (y) the costs, expenses, fees or other remuneration and indemnity payments (if any) and any other amounts payable to any Receiver; including in the case of either the Trustee or a Receiver the costs of enforcing and/or realising any Security;
  - ii. Second, in or towards satisfaction, on a pro rate and *pari passu* basis, of the costs, expenses, fees or other remuneration and indemnity payments (if any) and any other amounts payable to the Agents under the Transaction Documents;
  - iii. Third, in or towards payment, on a pro rate and *pari passu* basis, of all arrears of interest remaining unpaid in respect of the Bonds or Coupons;
  - iv. Fourth, all principal moneys due on or in respect of the Bonds; and
  - v. Fifth, the balance (if any) in payment to the Issuer.

## 5. Security and Covenants

- (a) **Grant of Security:** The Trustee, the Bondholders and the other Issuer Secured Creditors will share in the benefit of the Security. The Security is granted by the Issuer under the Issuer Deed of Charge in the favour of the Trustee, on trust for and on behalf of itself, the Bondholders and the other Issuer Secured Creditors on the terms of the Trust Deed, the Security Trust Deed and the Issuer Deed of Charge, as security for the Secured Liabilities.
- (b) **Fixed Charges:** The Security comprises of:
- (i) An assignment by way of first fixed security of all of its right, title, benefit and interest, present and future, in, to and under each of the Transaction Documents; and
  - (ii) An assignment by way of first fixed security of all of its right, title, benefit and interest, present and future, in, to and under each Borrower Loan Agreement and each Borrower Deed of Charge and the Security Trust Deed; and
  - (iii) A first fixed charge of all of its rights, title, benefit and interest, present and future, in, to and under the Custodian Account in which it has any right, title, benefit or

interest and each other account (if any) in which the Issuer may at any time have or acquire any right, title, benefit or interest.

## 6. Fixed Rate Bond Provisions

- (a) **Application:** This Condition 6 is applicable to the Bonds only if the Fixed Rate Bond Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Accrual of interest:** The Bonds bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (Payments). Each Bond will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6(b) (before as well as after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Bondholders that it has received all sums due in respect of the Bonds up to such seventh day (except to the extent that there is any subsequent default in payment) in accordance with Condition 19 (Notices).
- (c) **Fixed Coupon Amount:** The amount of interest payable in respect of each Bond for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Bonds are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) **Calculation of interest amount:** The amount of interest payable in respect of each Bond for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Bond divided by the Calculation Amount. For this purpose, a “**sub-unit**” means, in the case of any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

## 7. Floating Rate Bond Provisions

- (a) **Application:** This Condition 7 is applicable to the Bonds only if the Floating Rate Bond Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Accrual of interest:** The Bonds bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (Payments). Each Bond will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (before as well as after judgment) until

whichever is the earlier of (i) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Bondholders that it has received all sums due in respect of the Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) **Screen Rate Determination:** If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Bonds for each Interest Period will be determined by the Calculation Agent on the following basis:

- i. If the Reference Rate is a composite quotation customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- ii. In any other case the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- iii. If, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
  - a. Request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
  - b. Determine the arithmetic mean of such quotations; and
  - c. If fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic means of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11am (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period

and in an amount that is representative for a single transaction in that market at that time, and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance

with the above provisions in relation to any interest Period, the Rate of Interest applicable to the Bonds during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Bonds in respect of the preceding Interest Period.

- (d) **ISDA Determination:** If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Bonds for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as a Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- i. The Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
  - ii. The Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms;
  - iii. The relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on LIBOR for a currency, the first day of that Interest period or (B) in any other case, as specified in the relevant Final Terms.
- (e) **Maximum or Minimum Rate of Interest:** If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified. Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed as zero.
- (f) **Calculation of Interest Amount:** The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Bond for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Bond divided by the Calculation Amount. For this purpose, a “**sub-unit**” means, in the case of any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) **Publication:** The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment

date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Bonds have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the fourth London Business Day thereafter. Notice thereof shall also promptly be given to the Bondholders. For the purposes of this paragraph (g) the expression “**London Business Day**” means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in London. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Bond having the minimum Specified Denomination.

- (h) **Notifications etc.:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Bondholders and the Couponholders and (in the absence of wilful default) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- (i) All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7 by the Calculation Agent or the Trustee, as the case may be, shall (in the absence of manifest error) be binding on the Issuer, the Paying Agents and all Bondholders and Couponholders and (in the absence of wilful default) no liability to the Issuer; the Bondholders or the Couponholders shall attach to the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

## 8. Zero Coupon Bond Provisions

- (a) **Application:** This Condition 8 is applicable to the Bonds only if the Zero-Coupon Bond Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Late payment on Zero-Coupon Bonds:** If the Redemption Amount payable in respect of any Zero-Coupon Bond is improperly withheld or refused; the Redemption Amount shall thereafter be an amount equal to the sum of:
  - i. The Reference Price; and
  - ii. The product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Bond up to that day are received

by or on behalf of the relevant Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Bondholders that it has received all sums due in respect of the Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

## 9. Redemption and Purchase

- (a) **Scheduled redemption:** Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (Payments).
- (b) **Redemption for tax reasons:** The Bonds may be redeemed at the option of the Issuer in whole but not in part:
- i. At any time (if the Floating Rate Bond Provisions are not specified in the relevant Final Terms as being applicable); or
  - ii. On any Interest Payment Date (if the Floating Rate Bond Provisions are specified in the relevant Final Terms as being applicable),
  - iii. On giving not less than 30 nor more than 60 days' notice to the Bondholders, the Trustee and the Principal Paying Agent (which notice shall be irrevocable), at their Early Redemption Amount, together with interest accrued (if any) to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:
    - a. The Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (Taxation) as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a Court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Bonds; and
    - b. Such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

**provided, however, that** no such notice of redemption shall be given earlier than:

- (1) Where the Bonds may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Bonds were then due; or
- (2) Where the Bonds may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Bonds were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (a) if the Trustee so requests, an opinion of independent legal advisers to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment, and (b) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred. The Trustee shall be entitled to accept without liability such opinion and/or such certificate as sufficient evidence of the satisfaction of the circumstances set out above, in which event it shall be conclusive and binding on the Bondholders and Couponholders. Upon the expiry of any such notice as is referred to in this Condition 9(b) the Issuer shall be bound to redeem the Bonds in accordance with this Condition 9(b).

- (c) **Redemption at the option of the Issuer:** If the Call Option is specified in the relevant Final Terms as being applicable, the Bonds may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Bondholders, the Trustee and the Principal Paying Agent, or such other period(s) as may be specified in the relevant Final Terms, (which notice shall be irrevocable and shall oblige the Issuer to redeem the Bonds or, as the case may be, the Bonds specified in such notice on the relevant Optional Redemption Date (Call) at the applicable amount specified in the relevant Final Terms (together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date) being the Optional Redemption Amount (Call).

On the date specified for redemption in the notice given by the Issuer, the Issuer shall redeem the Bonds as specified in the notice in accordance with this Condition 9(c).

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 9(c) by the Principal Paying Agent shall (in the absence of manifest error), be binding on the Issuer, the Principal Paying Agent, the Trustee, the Paying Agents, the Registrar (if applicable) and all Bondholders and Couponholders.

- (d) **Partial redemption:** if the Bonds are to be redeemed in part only on any date in accordance with Condition 9(c) (Redemption at the option of the Issuer), each Bond shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Bonds to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Bonds on such date. If any Maximum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) **Redemption at the option of Bondholders:** If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Bond redeem such Bond on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put)

together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(e), the holder of a Bond must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant Final Terms), deposit with any Paying Agent such Bond together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Bond is so deposited shall deliver a duly completed Put Option Receipt to the depositing Bondholder. No Bond, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Bond becomes immediately due and payable or, upon due presentation of any such Bond on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Bondholder at such address as may have been given by such Bondholder in the relevant Put Option Notice. Bonds may be redeemed under this Condition 9(e) in any multiple of their lower Specified Denomination.

- (f) **No other redemption:** The Issuer shall not be entitled to redeem the Bonds otherwise than as provided in paragraphs (a) to (e) above.
- (g) **Early redemption of Zero-Coupon Bonds:** Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero-Coupon Bond at any time before the Maturity Date shall be an amount equal to the sum of:
  - i. The Reference Price; and
  - ii. The product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Bond becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 9(g) or, if none is so specified, a Day Count Fraction of 30/360, Actual 360 or Actual 365 (Fixed).

- (h) **Purchase:** The Issuer may at any time purchase Bonds in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.
- (i) **Cancellation:** All Bonds so redeemed or purchased by the Issuer and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

## 10. Payments

- (a) **Principal:** Payments of principal shall be made by a cheque drawn in a currency in which the payment is due drawn on, or, upon application by a Holder of a Bond to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by a transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town or clearing branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Bond Certificates at the Specified Office of any Paying Agent.
- (b) **Interest:** Payments of interest shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Bond to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by a transfer to an account at a nominated in that currency (or, if the currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Bond Certificates at the Specified Office of any Paying Agent.
- (c) **Payments subject to fiscal laws:** All payments in respect of the Bonds will be subject in all cases to (i) any applicable fiscal or other laws and regulations in place of payments, but without prejudice to the provisions of Condition 13 (Taxation) and (ii) any withholding or deduction required pursuant to an agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to sections 1471 through 1474 (inclusive), of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.
- (d) **Payments on Business Days:** Where payment is to be made by a transfer to an account, payment instructions (for value the due date, or, if the due date is not a Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the date on which the relevant Bond Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Bond shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 11 arriving after the due date for payment or being lost in the mail.
- (e) **Partial payments:** If a Paying Agent makes a partial payment in respect of any Bond, the Issuer shall procure that the amount and state of such payment are noted on the

Register and, in the case of partial payment upon presentation of a Bond Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Bond Certificate.

- (f) **Record date:** Each payment in respect of a Bond will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Bond is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

## 11. Taxation

- (a) **Gross up:** All payments of principal and interest in respect of the Bonds and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Bondholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction being required, except that no such additional amounts shall be payable in respect of any Bond or Coupon presented for payment:
- i) By or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Bond or Coupon; or
  - ii) 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 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, this Directive; or
  - iii) 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 EU; or
  - iv) More than 30 days after the Relevant Date except to the extent that a Holder of such Bond or Coupon would have been entitled to such additional amounts on presenting such Bond or Coupon for payment on the last day of such period of 30 days.
- (b) **Taxing jurisdiction:** If the Issuer becomes the subject at any time to any taxing jurisdiction other than the United Kingdom references in these Conditions to the United

Kingdom shall be construed as references to the United Kingdom and/or such other jurisdiction.

## 12. Events of Default

If any of the following events occurs and is continuing, the Trustee at its discretion may and, if so requested in writing by holders of at least one-quarter of the aggregate principal amount of the outstanding Bonds or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having being indemnified and/or prefunded and/or are provided with security to its satisfaction) give written notice to the Issuer declaring the Bonds to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Termination Amount together with accrued interest without further action or formality:

- (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 7 days in the case of principal and 14 days in the case of interest; or
- (b) If the Issuer fails to perform or observe any of its other obligations under the Conditions, the Trust Deed or the Security Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for a period of 30 days (or such longer period as the Trustee may agree) next following the service by the Trustee on the Issuer of a notice requiring the same to be remedied; or
- (c) If:
  - i) Any Indebtedness of the Issuer becomes due and payable prematurely by reason of an event of default (however described); or
  - ii) The Issuer fails to make any payment in respect of any Indebtedness on the due date for payment as extended by any applicable grace period; or
  - iii) Default is made by the Issuer in making any payments due under any guarantee and/or indemnity given by it in relation to any Indebtedness of any other person on the due date for payment as extended by any applicable grace period.

Provided that no event described in this sub-paragraph (c) shall constitute an Event of Default unless the relevant amount of Indebtedness for guarantee and/or indemnity given by it in relation to any Indebtedness, either alone or when aggregated (without duplication) with other amounts of Indebtedness and/or guarantee and/or indemnity given by it in relation to any Indebtedness relevant to all (if any) other events specified in (i) to (iii) the above which will have occurred and a continuing, amounts to at least £20,000,000 (or its equivalent in any other currency).

A certificate or report by two directors of the Issuer whether or not addressed to the Trustee that in their opinion the £20,000,000 (or its equivalent in any other currency) mentioned in the proviso to (c) above has been reached may be relied upon by the Trustee without liability and without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties; or

- (d) If any order is made by any competent Court or resolution passed by the winding-up or dissolution of the Issuer save for the purposes of or pursuant to an amalgamation, re-organisation or restructuring whilst solvent or on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or
- (e) If the Issuer ceases to carry on all or substantially all of its business, save for the purposes of or pursuant to an amalgamation, re-organisation or restructuring whilst solvent or on terms previously approved in writing by the Trustee or by an Extraordinary Resolution, or the Issuer is unable to pay its debts (or any class of its debts) as they fall due, or is deemed unable to pay his debts pursuant to or for the purposes of any applicable law,; or is adjudicated or found bankrupt or insolvent; or
- (f) If (A) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, or other similar laws, or an application is made (or documents filed with a Court) for the appointment of an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the issue or in relation to the whole or a substantial part of the undertaking or its assets, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or its assets, or a distress, execution, attachment, sequestration or other processes levied, enforced upon, sued out or put into force against the whole or a substantial part of the undertaking or its assets and (B) in any case is not being contested in good faith by the Issuer all is not discharged or stayed within 45 days; or
- (g) If the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, or other similar laws (including the obtaining of a moratorium) or makes a conveyancer or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or a 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) otherwise than for the purposes of or pursuant to an amalgamation, re-organisation or restructuring whilst solvent or on terms previously approved in writing by the Trustee or by an Extraordinary Resolution.

### **13. Prescription**

Claims for principal and interest on redemption in respect of Bonds shall become void unless the relevant Bond Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

### **14. Replacement of Bonds, Coupons or Talons**

If any Bond Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, and, if the Bonds are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by

such competent authority, stock exchange and/or quotation system requirements, in each case upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as the evidence, security, the indemnity and otherwise as the Issuer may reasonably require. Mutilated and defaced Bond Certificates, Coupons or Talons must be surrendered before replacements will be issued.

## **15. Trustee and Agents**

Under the Trust Deed, the Trustee is entitled to be indemnified and/or secured and/or prefunded and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Bondholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

The Trust Deed provides that, when determining whether an indemnity or any security or prefunding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst case scenario and (ii) to require that any indemnity or security given to it by the Bondholders or any of them be given on a joint and several basis and be supported by evidence as satisfactory to its financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

In the exercise of its trusts, rights, powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the internal interests of the Bondholders as a class and will not have regard or be responsible for any consequence for individual Holders of Bonds, as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction and the Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders or Couponholders except to the extent already provided for in Condition 12 (Taxation) and/or any undertaking given in addition to, or in substitution for, Condition 12 (Taxation) pursuant to the Trust Deed.

In acting under the Agency Agreement and in connection with the Bonds and the Coupons, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Bondholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor Principal Paying Agent or Registrar or Calculation Agent and additional or successor Paying Agents in the manner specified in the Agency Agreement; **provided, however, that:**

- (a) The Issuer shall at all times maintain the Principal Paying Agent and a Registrar; and

- (b) The Issuer shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/WC; and
- (c) If a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (d) If and for so long as the Bonds are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

The notice of any change in any of the Agents or in their Specified Offices shall promptly be given to Bondholders in accordance with Condition 19 (Notices).

## **16. Meetings of Bondholders, Modification and Waiver, Substitution**

- (a) Meetings of Bondholders: The Trust Deed contains provisions for convening meetings of Bondholders to consider matters relating to the Bonds, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee upon the request in writing of Bondholders holding not less than one-tenth of the aggregate principal amount of the outstanding Bonds. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more Persons holding or representing more than half 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 held or represented; **provided, however, that** reserved matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Bondholders at which one or more Persons holding or representing not less than three-quarters of the aggregate principal amount of the outstanding Bonds form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Bondholders and Couponholders, whether present or not.

In addition, the resolution in writing signed by or on behalf of the holders of not less than 90%, in nominal amount of the Bonds which resolution will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document for several documents in the same form, each signed by or on behalf of one or more Bondholders.

- (b) Modification and waiver: The Trustee and the Issuer may, without the consent of the Bondholders, agree to any modification of the Bonds, these Conditions, the Trust Deed or the Agency Agreement (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of the Bondholders and to any modification of the Bonds, these Conditions, the Trust Deed or the Agency

Agreement which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the Bondholders or Couponholders, authorise or waive any proposed breach or breach of the Bonds, these Conditions or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Bondholders would not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Bondholders as soon as practicable thereafter. Any such authorisation, waiver or modification shall be binding on the Bondholders and the Couponholders.

- (c) Substitution: The Trust Deed contains provisions under which the Trustee may, without the consent of the Bondholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) of any other company being a Subsidiary of the Issuer as the principal debtor under the Bonds, the Coupons and the Trust Deed **provided that** certain conditions specified in the Trust Deed are fulfilled.

No Bondholder or Couponholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Bondholder or Couponholder, except to the extent provided for in Condition 12 (Taxation) (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

## 17. Enforcement

The Trustee may at any time, at its discretion and without notice, institute such proceedings and/or steps or action (including lodging an appeal in any proceedings) as it thinks fit to enforce its rights under the Transaction Documents or the Bonds for the Coupons and, at any time after the Security has become enforceable, the Trustee may at its discretion and without notice, take such steps, actions and proceedings as it may see fit to enforce the Security, but it shall not be bound to do so unless:

- (a) It has been so requested in writing by the Holders of at least one quarter of the aggregate principal amount of the outstanding Bonds or has been so directed by an Extraordinary Resolution; and
- (b) It has been indemnified and/or secured and/or prefunded to its satisfaction.

No Bondholder or Couponholders may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in the jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrained 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 or in that jurisdiction or if it is determined by any Court or other competent authority in this jurisdiction that it does not have such power.

## **18. Further Issues**

The Issuer may from time to time, without the consent of the Bondholders or Couponholders and in accordance with the Trust Deed, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest) so as to be consolidated and form a single series with the Bonds. The Issuer may from time to time, without the consent of the Bondholders or Couponholders, incur, create or issue further secured or unsecured bonds or other Indebtedness. For the avoidance of doubt any further Bonds so issued shall be secured over different assets to those assets used to secure any other previous issues of Bonds. Any further bonds forming a single series with the outstanding Bonds of any Series constituted by the Trust Deed or and deed supplemental to it shall, and any other bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed.

## **19. Notices**

- (a) Notices to the Holders of Bonds shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.
- (b) 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.

## **20. Currency Indemnity**

If any sum due from the Issuer in respect of the Bonds or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purposes of (a) making or filing a claim or proof against the Issuer; (b) the obtaining an order or judgment in any Court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Bonds, the Issuer shall indemnify each Bondholder, on the written demand of such Bondholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Bondholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

## **21. Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) or percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent, being rounded up to 0.00001 per cent), (b) all US dollar amounts used in or resulting from such calculations will be round to the nearest cent (with one half cent being rounded up), and (c) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two percentage places in such currency, with 0.005 being rounded upwards.

## **22. Governing law**

The Bonds, the Coupons and the Transaction Documents and any non-contractual obligations arising out of or in connection with the Bonds and the Transaction Documents are governed by, and construed in accordance with, English Law.

## **FORM OF FINAL TERMS FOR BONDS WITH A DENOMINATION OF AT LEAST €1,000 (OR ITS EQUIVALENT IN ANOTHER CURRENCY)**

Set out below is the form of Final Terms which will be completed for each Tranche of Bonds issued under the Programme with a denomination of at least €1,000 (or its equivalent in another currency).

**Final Terms dated [●]**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Bonds]**

**Under the £50,000,000 secured limited recourse bond programme**

### **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Programme Memorandum dated [●] [and the supplemental Programme Memorandum dated [●] which [together] constitute[s] a programme memorandum (the “**Programme Memorandum**”). This document constitutes the Final Terms of the Bonds described herein and must be read in conjunction with the Programme Memorandum.

Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the Programme Memorandum. The Programme Memorandum [is] [are] available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

1.	Issuer:	Propiteer Capital PLC
2.	[(i) Series Number:]	[●]
	[(ii) Tranche Number:]	[●]
	[(iii) Date on which the Bonds become fungible:]	[The Bonds shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [the Issue Date/[●]].][Not Applicable].
3.	Specified Currency or Currencies:	[●]
4.	Aggregate Nominal Amount:	[●]
	[(i)][Series:]	[●]
	[(ii) Tranche:]	[●]
5.	Issue Price:	[●] per cent of the Aggregate Nominal Amount [plus accrued interest from [●]]
6.	i) Specified Denominations:	[●]
	ii) Calculation Amount	[●]
7.	i) Issue Date:	[●]
	ii) Interest Commencement Date:	[[●]/Issue Date/Not Applicable]
8.	Maturity Date:	[●] [Interest Payment Date falling in or nearest to [●]]
9.	Interest Basis:	[[●] per cent] [Fixed Rate]
		[EURIBOR]/[LIBOR/[●]] +/- [●] per cent [Floating Rate]
		[Zero Coupon]
10.	Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Bonds will be redeemed on the Maturity Date at 100 per cent of their nominal amount.
11.	Put/Call Options:	[Put Option]/[Not Applicable]

		[Call Option]/[Not Applicable]
12.	Date [Board] approval for issuance of Bonds obtained:	[●] [and [●], respectively]
13.	Description of Collateral:	<p>[Legal charge over [commercial][residential property<sup>1</sup>]/[assignment of rental income in respect of [commercial][residential property]/[charge over [description of assets]/[debenture over the entire undertaking of the Borrower]to be held by the Borrower Security Trustee</p> <p><sup>1</sup> a legal charge over real property may only be provided in circumstances where no new or updated valuation report is required as part of the Collateral Manager's due diligence in relation to any real property forming part of the Borrower Security</p> <p>There will be more than 5 Borrowers and the principal amount of each Borrower Loan will not account for 20% or more of the aggregate principal amount of all Borrower Loans outstanding. The loan origination will be provided by [●].</p>
14.	Global statistical data in relation to the Bonds:	[●]
15.	Name, address and significant business activities of the originator(s) of loans:	[●] [●] [●]
<b>PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE</b>		
	Fixed Rate Bond Provisions	[Applicable/Not Applicable]
	(i) Rate[(s)] of Interest:	[●] per cent, per annum payable in arrears on each Interest Payment Date
	(ii) Interest Payment Date(s):	[●] in each year up to and including the Maturity Date
	(iii) Fixed Coupon Amount[(s)]:	[●] per Calculation Amount
	(iv) Day Count Fraction:	[Actual/Actual(ICMA)][Actual/Actual(ISDA)] [Actual/365 Fixed][Actual/365 Sterling]

		[Actual/360] [30/360] [30E/360 or Eurobond basis] [30E/360(ISDA)]
17.	Floating Rate Bond Provisions	[Applicable/Not Applicable]
	(i) Interest Period(s):	[●]
	(ii) Specified Period:	[●] in each year from (and including) [●] up to (and including the Maturity Date)/ [●]
	(iii) Specified Interest Payment Dates:	[Not Applicable/[●], subject to adjustment in accordance with the Business Day Convention set out in (v) below]
	(iv) [First Interest Payment Date]:	[●]
	(v) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(vi) Additional Business Centre(s):	[Not Applicable/[●]]
	(vii) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Principal Paying Agent]):	[Propiteer Capital Plc shall be the Calculation Agent]
	(ix) Screen Rate Determination:	[Applicable/Not Applicable]
	• Reference Rate:	[EURIBOR]/[LIBOR]/[[●]]
	• Interest Determination Date(s):	[●]
	• Relevant Screen Page:	[●]
	• Relevant Time:	[●]
	• Relevant Financial Centre	[●]
	(x) ISDA Determination:	[Applicable/Not Applicable]
	• Floating Rate Option:	[●]

	• Designated Maturity:	[●]
	• Reset Date:	[●]
	• ISDA Definitions:	2006
	(xi) Margin(s):	[+/-][●] per cent per annum
	(xii) Minimum Rate of Interest:	[●] per cent per annum
	(xiii) Maximum Rate of Interest:	[●] per cent per annum
	(xiv) Day Count Fraction:	[Actual/Actual(ICMA)][Actual/Actual(ISDA)] [Actual/365(Fixed)][Actual/365 (Sterling)] [Actual/360][30/360][30E/360 or Eurobond Basis] [30E/360(ISDA)]
18.	Zero Coupon Bond Provisions	[Applicable/Not Applicable]
	(i) Accrual Yield:	[●] per cent per annum
	(ii) Reference Price:	[●]
	(iii) Day Count Fraction:	[Actual/Actual(ICMA)][Actual/Actual(ISDA)] [Actual/365(Fixed)][Actual/365 (Sterling)] [Actual/360][30/360][30E/360 or Eurobond Basis] [30E/360(ISDA)]
<b>PROVISIONS RELATING TO REDEMPTION</b>		
19.	Call Option	[Applicable/Not Applicable]
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s):	[[●] per Calculation Amount]
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[●] per Calculation Amount
	(b) Maximum Redemption Amount:	[●] per Calculation Amount
	(iv) Notice period:	[●]
20.	Put Option	[Applicable/Not Applicable]

	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Bond of calculation of such amount(s):	[●] per Calculation Amount
	(iii) Notice Period:	[●]
21.	Final Redemption Amount of Each Bond	[●] per Calculation Amount
22.	Early Redemption Amount	
	Early Redemption Amount(s) per Calculation Amount payable on redemption:	[●] per Calculation Amount
23.	Early Termination Amount:	[●] per Calculation Amount
24.	Unmatured coupons void:	[Condition 10(f) (Unmatured Coupons Void) applicable/Not Applicable]
<b>GENERAL PROVISIONS APPLICABLE TO THE BONDS</b>		
25.	Form of Bonds:	
		Global Registered Bond [US\$/Euro [●] nominal amount)] registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS)) [, exchangeable for Individual Bond Certificates on [●] days' notice/at any time/in the limited circumstances described in the Global Registered Bond].
		[CREST: Bonds will be deposited with Euroclear UK & Ireland Limited in accordance with the Uncertificated Securities Regulations 2001 (SI2001 No. 3755) including any modification thereof for the time being in force (the " <b>CREST Regulations</b> ") and the rules, regulations, procedures, facilities and requirements as defined in the CREST Regulations.]
26.	New Global Registered Bond:	[Yes] [No]

27.	Additional Financial Centre(s):	[Not Applicable/[●]]
28.	Talons for future Coupons to be attached to Definitive Bonds (and dates on which such Talons mature):	[Yes, as the Bonds have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.] [No.]
<b>THIRD PARTY INFORMATION</b>		
[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced inaccurate or misleading.].		
<p><b>Signed on behalf of Propiteer Capital PLC:</b></p> <p><b>By:</b></p> <p>.....</p> <p>Duly authorised</p>		

## PART B – OTHER INFORMATION

1.	(i) Listing and admission to trading:	[Application has been made to the Vienna MTF by the Issuer (or on its behalf) for the Bonds to be admitted to the Official List and trading on the Vienna MTF with effect from [●].] [The Bonds are to be unlisted and no application is to be made for the Bonds to be admitted to any regulated market]
	(ii) Estimated total expenses related to admission to trading:	[●]
2.	Ratings:	Ratings: The Bonds to be issued [are not/have been/are expected to be] rated: [Standard & Poor’s: [●]] [Moody’s [●]] [Fitch: [●]]
3.	Interests of natural and legal persons involved in the issue/offer:	[Save as discussed in “Subscription and Sale”, so far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer.]  [Amend as appropriate if there are other interests, including any conflicts.]  The following additional interest(s) are material to issues of the Bonds: [•]/[Not applicable].
4.	Reasons for the offer, estimated net proceeds and total expenses	
	[(i)] Reasons For The Offer:	[●]
	[(ii)] Estimated Net Proceeds:	[The Estimated Net Proceeds are expected to be used towards the following principal intended uses (in order of priority): [●] [●] [●] [●]]
	[(iii)] Estimated Total Expenses:	[The Estimated Total Expenses for the following principal intended uses (in order of priority) are expected to be: [●] [●] [●] [●]]
	[(iv) Where Estimated Net Proceeds will not be sufficient to fund all of the proposed uses:]	[Amount: [●]] [Sources of other funds needed: [●]]
5.	[Fixed Rate Bonds only – Yield]	

	Indication of Yield: [●]	[●]
6.	[Floating rate Bonds only – historic interest rates]:	Details of history [LIBOR/EURIBOR/[●]] rates can be obtained from [Reuters].]
7.	Operational information	
	ISIN Code:	[●]
	Common Code:	[●]
	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s):	[Not Applicable]
	[Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes][No]
	Value of assets which are to secure the Bonds issued:	[●]
8.	Distribution	
	(i) US selling restrictions:	Regulation S Compliance Category 2: [TEFRA C/TEFRA D/TEFRA not applicable]
	Name and address of any paying agents and depository agents:	[None/[●]]

## **USE OF PROCEEDS**

The Issuer will use the proceeds from each Tranche of Bonds issued to procure Borrower Loans and/or make any payments required to be made pursuant to any Transaction Documents.

## OVERVIEW OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

### CLEARING SYSTEM ACCOUNTHOLDERS

In relation to any Tranche of Bonds represented by a Global Registered Bond, references in the Terms and Conditions of the Bonds to “**Bondholder**” are references to the person in whose name such Global Registered Bond is for the time being registered in the Register which, for so long as the Global Registered Bond is held by or on behalf of a depository or a common depository or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depository or common depository or common safekeeper or a nominee for that depository or common depository or common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Registered Bond (each an “**Accountholder**”) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Issuer to the holder of such Global Registered Bond and in relation to all other rights arising under such Global Registered Bond. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Registered Bond will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Bonds are represented by a Global Registered Bond, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Bonds and such obligations of the Issuer will be discharged by a payment to the holder of such Global Registered Bond.

### CONDITIONS APPLICABLE TO GLOBAL REGISTERED BONDS

1. Each Global Registered Bond will contain provisions which modify the Terms and Conditions of the Bonds as they apply to the Global Registered Bond. The following is a summary of certain of those provisions:
2. **Payments:** All payments in respect of the Global Registered Bond which, according to the Terms and Conditions of the Bonds, require presentation and/or surrender of a Bond, Bond Certificate or Coupon which will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Registered Bond to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Bonds.
3. **Payment Business Day:** In the case of a Global Registered Bond, if the currency of payment is a euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Finance Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.
4. **Payment Record Date:** Each payment in respect of a Global Registered Bond will be made to the person shown as the Holder in the Register at the close of business (in the

relevant clearing system) on the Clearing System Business Day before the due date for such payment (the “**Record Date**”) where “**Clearing System Business Day**” means a day on which each clearing system for which the Global Registered Bond is being held is open for business.

5. Exercise of put option: In order to exercise the option contained in Condition 9(e) (Redemption at the option of Bondholders) the holder of a Global Registered Bond must, if within the period specified in the Conditions for the deposit of the relevant Bond and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Bonds in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.
6. Partial exercise of Call Option: In connection with the exercise of the option contained in Condition 9(c) (Redemption at the option of the Issuer) in relation to some only of the Bonds, the Global Registered 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 are not to 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).
7. Notices: Notwithstanding Condition 20 (Notices), while all the Bonds are represented by the Global Registered Bond is, deposited with a depository for a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Bondholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to Bondholders in accordance with Condition 20 (Notices) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

## DESCRIPTION OF THE ISSUER

### *General*

Propiteer Capital PLC (the “**Issuer**”) was incorporated in England and Wales (registered number 12101322) on 12 July 2019 as a public limited company under the Companies Act 2006. The Issuer’s registered office is Oliver Barns, Maldon Road, Witham, Essex CM8 3HY. The principal place of business for the Issuer is Oliver Barns, Maldon Road, Witham, Essex CM8 3HY. The contact telephone number for the Issuer is 01376 319000. The Issuer’s LEI code is 635400PWTX8FMV3MNZ24.

The legislation under which the Issuer operates is the Companies Act 2006.

The Issuer is not rated by a credit rating agency.

The authorised share capital of the Issuer is 50,000 ordinary shares of £1 each, fully paid up. The shares are held through Propiteer Capital Holdings Limited (in such capacity, the “Share Trustee”) under the terms of a trust established under English Law by a declaration of trust dated June 2020 and made by the Share Trustee for the benefit of such charities as the Share Trustee may determine from time to time at its discretion. The Share Trustee has no beneficial interest in and derives no benefit other than its fees for acting as trustee from holding such shares.

Since the date of the Issuer’s incorporation, the Issuer has not commenced operations and no financial statements have been made up as at the date of this Programme Memorandum.

### *Principal Activities*

The Issuer is a special purpose vehicle and was set up to raise money for the purposes set out in this Programme Memorandum, to enter into the transactions set out herein and to issue asset backed securities.

There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer’s solvency.

### *Directors and Secretary*

The directors of the Issuer and their other principal activities are:

NAME	POSITION IN THE ISSUER	OTHER PRINCIPAL ACTIVITIES
David Gaynor	COMPANY DIRECTOR	Halestyle Herbert Crescent Limited
Paul Lack	COMPANY DIRECTOR	Ourcrowd Management (UK) Limited; Strategic Software Applications Ltd

The business address of each of the above persons is Oliver Barns, Maldon Road, Witham, Essex CM8 3HY.

### ***Corporate Governance***

The Issuer will adopt corporate governance policies which comply with the Combined Code and the Model Code on Director's Dealings. The Issuer is committed to the principles of corporate governance contained in the UK Corporate Governance Code issued by the Financial Reporting Council in May 2010 and which is publicly available on their website at [www.frc.org.uk](http://www.frc.org.uk).

### ***Financial Information***

The financial year of the Issuer ends on 31 March in each year.

Reports and accounts published by the Issuer will, when published, be available for inspection during normal office hours at its business address set out above.

The Issuer has appointed BDO UK LLP, as its auditors. Audit partners are members of the Institute of Chartered Accountants in England and Wales.

## **BOOK-ENTRY CLEARING SYSTEMS**

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg or CREST (together, the "Clearing Systems") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Dealers, the Trustee and any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### **CREST**

Bonds issued under the Programme may be settled and transferred through Euroclear UK & Ireland Limited (formerly known as CREST Co Limited) ("**CREST**") in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755) (the "**Regulations**"). Investors wishing to have their Bonds delivered to a CREST stock account in their own name should include their CREST details in the relevant section of the application form. Dealing in the Bonds in advance of the crediting of the relevant CREST accounts will be at the risk of the person concerned. The Registrar may decline to register a transfer of an uncertificated Bond which is traded through the CREST system in accordance with the CREST rules where, in the case of a transfer to joint holders, the number of joint holders to whom uncertificated Bonds is to be transferred exceeds four. The settlement of Bonds through CREST means an investor will:

1. authorise the Registrar to credit the CREST account specified with the number of Bonds for which the application is accepted;
2. agree that, in the event of any difficulties or delays in the admission of the Bonds to CREST or the use of CREST in relation to the issue, the Issuer and the Registrar may agree that all of the Bonds should be issued in certificated form.

### **CLEARING SYSTEMS (OTHER THAN CREST)**

#### ***Euroclear and Clearstream, Luxembourg***

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other

institutions that clear through or maintain a custodial relationship with an account holder of either system.

## TAXATION

The following is a general description of certain United Kingdom and European tax considerations relating to the Bonds. It does not purport to be a complete analysis of all tax considerations relating to the Bonds, whether in those countries or elsewhere. Prospective purchasers of Bonds should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Bonds and receiving payments of interest, principal and/or other amounts under the Bonds and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Programme Memorandum and is subject to any change in law that may take effect after such date.

**The tax legislation of the Investor's Member State and of the Issuer's country of incorporation may have an impact on the income received from the Bonds.**

### UNITED KINGDOM

The following applies only to persons who are the beneficial owners of Bonds and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs ("**HMRC**") practice in the United Kingdom relating to United Kingdom withholding tax treatment of payments of principal and interest in respect of Bonds. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Bonds. The United Kingdom tax treatment of prospective Bondholders depends on their individual circumstances and may be subject to change in the future (possibly with retroactive effect). Prospective Bondholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

#### ***Interest on the Bonds***

Payments of interest on the Bonds may be made without deduction of or withholding on account of United Kingdom income tax provided that the Bonds continue to be listed on a "**Recognised Stock Exchange**" within the meaning of section 1005 of the Income Tax Act 2007. The Vienna MTF is a recognised stock exchange. Securities will be treated as listed on the Vienna MTF if they are included in the Official List and admitted to trading on the Vienna MTF. Bonds to be traded on any other recognised stock exchange if (and only if) they are admitted to trading on that exchange and they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. Provided, therefore, that the Bonds remain listed on a recognised stock exchange, interest on the Bonds will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Bonds may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Bonds is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the

Bonds is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on the Bonds may also be paid without withholding or deduction on account of United Kingdom tax where the maturity of the Bonds is less than 365 days from the date of issue and those Bonds do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Bonds on account of United Kingdom income tax at the basic rate (currently 20%). However, where an application double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Bondholder, HMRC can issue a notice to the Issuer to pay interest to the Bondholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty). Where withholding of taxes at source may be required, the Issuer shall arrange for the withholding of such taxes from payments to Bondholders.

### ***Other Rules Relating to United Kingdom Withholding Tax***

Bonds may be issued at an issue price of less than 100% of their principal amount. Any discount element on such Bonds should not be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in the paragraph headed “**Interest on Bonds**” above, but may be subject to reporting requirements as outlined under the paragraphs headed “**Provision of Information**” and “**EU Savings Directive**” below.

Where interest has been paid under deduction of United Kingdom income tax, Bondholders who are not resident in the United Kingdom for United Kingdom tax purposes may be able to recover all or part of the tax deducted subject to an appropriate provision in any applicable double taxation treaty and the laws of the jurisdiction in which the Bondholder is resident for tax purposes.

The references to “**interest**” above mean “**interest**” as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of “**interest**” or “**principal**” which may prevail under any other law or which may be created by the Terms and Conditions of the Bonds or any related documentation. Bondholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Bonds which does not constitute “**interest**” or “**principal**” as those terms are understood in United Kingdom tax law.

### ***Provision of Information***

Bondholders should note that, in certain circumstances HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in

the United Kingdom who either pays or credits interest to or receives interest for the benefit of the Bondholder. In certain circumstances, the information so obtained may be passed by HMRC to the tax authorities of certain other jurisdictions.

The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Bonds which constitute “**deeply discounted securities**” for the purposes of section 430 of the Income Tax (Trading and Other Income) Act 2005 (although, in this regard, HMRC published guidance for the year 2012/2013 indicates that HMRC will not exercise its power to obtain information in relation to such payments in that year).

Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive (see below).

## **AUSTRIA**

The following is a summary based on the laws and practices currently in force in Austria regarding the tax position of investors beneficially owning their Bonds and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding Bonds. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Bonds should consult their professional advisors on the tax implications of the purchase, holding, redemption or sale of the Bonds and their receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

### ***Quoted Eurobonds***

Payments of interest may be made without withholding interest withholding tax where the Bonds meet the requirements of (the “**quoted Eurobond**” exemption. The conditions require the Bonds to be quoted on a recognised stock exchange (the Vienna MTF is a recognised stock exchange for this purpose) and to carry a right to interest.

For so long as Bonds continue to be “**quoted Eurobonds**” and are held in a recognised clearing system, payments of interest on such Bonds may be made by any Paying Agent acting on behalf of the Issuer without withholding interest withholding tax.

## **EU SAVINGS DIRECTIVE**

Under the EU Savings Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the

ending of such transitional period being dependent upon the conclusion of certain other agreements relating to exchange of information with certain other countries).

A number of non-EU countries, and certain dependent or associate territories of certain Member States, have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

## SUBSCRIPTION AND SALE

Bonds may be sold from time to time by the Issuer to any entity or entities appointed from time to time as a dealer (the “**Dealers**”).

If in the case of any Tranche of Bonds the method of distribution is an agreement between the Issuer and a single Dealer for that Tranche to be issued by the issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as “**Non-Syndicated**” and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Bonds the method of distribution is an agreement between the Issuer, and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as “**Syndicated**”, the obligations of those Dealers to subscribe the relevant Bonds will be joint and several and the names and addresses of those Dealers, as applicable, and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers will be set out in the relevant Final Terms.

Any such agreement will, inter alia, make provision for the form and terms and conditions of the relevant Bonds, the price at which such Bonds will be subscribed by the Dealer(s), the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription and whether or not the issue of the Bonds is underwritten by the Dealer(s).

United States of America: Regulation S Category; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA (United States Tax Equity and Fiscal Responsibility Act of 1982) is specified as not applicable in the relevant Final Terms.

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States of America or to, or for the account or benefit of US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has agreed that it will not offer, sell or deliver Bonds, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Bonds comprising the relevant Tranche, as certified to the Principal Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Bonds to or through more than one Dealer, by each of such Dealers as to the Bonds of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States of America or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Bonds during the distribution compliance period relating thereto a confirmation or other notice setting

forth the restrictions on offers and sales of the Bonds within the United States of America or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Bonds comprising any Tranche, any offer or sale of Bonds within the United States of America by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

## **SELLING RESTRICTIONS ADDRESSING ADDITIONAL UNITED KINGDOM SECURITIES LAWS**

Each Dealer will be required to represent, warrant and agree that:

1. **No deposit-taking:** in relation to any Bonds having maturity of less than one year:
  - a. it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - b. it has not offered or sold and will not offer or sell any Bonds other than to persons:
    - (i) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (ii) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,where the issue of the Bonds would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
2. **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
3. **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

## **GENERAL**

Each Dealer has represented, warranted and agreed that (to the best of its knowledge and belief) it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Bonds or possesses, distributes or publishes this Programme Memorandum or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Programme Memorandum or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Bonds or possess, distribute or publish this Programme Memorandum or any Final Terms or any related offering material, in all cases at their own expense.

The Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "**General**" above.

## **GENERAL INFORMATION**

### ***Authorisation***

The establishment of the Programme was authorised by a resolution of the board of directors of the Issuer passed on 3 August 2020. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds.

### ***Legal and arbitration proceedings***

There are not, and have not been, any governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Programme Memorandum, a significant effect on the financial position or profitability of the Issuer.

### ***Significant/material change***

As at the date of this Programme Memorandum, there has been no material adverse change in the financial position or prospects of the Issuer since incorporation.

### ***Documents on display***

Copies of the following documents may be inspected physically in hard copy during normal business hours at the offices of the Issuer at Oliver Barns, Maldon Road, Witham, Essex CM8 3HY, for 12 months from the date of this Programme Memorandum or can be accessed via the Issuer's website at [Propiteercapitalplc.com](http://Propiteercapitalplc.com)

1. the constitutional documents of the Issuer;
2. the Agency Agreement;
3. the Trust Deed; and
4. the Security Trust Deed.

### ***Material Contracts***

There are no contracts having been entered into outside the ordinary course of any of the Issuer's businesses, which are, or may be, material and contain provisions under which the Issuer has an obligation or entitlement which is, or may be, material to the ability of the Issuer to meet its obligations in respect of the Bonds.

### ***Clearing of the Bonds***

The Bonds may be accepted for clearance through CREST. CREST is the electronic system for paperless settlement of trades in securities and the holding of uncertificated securities

operated by Euroclear in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755). The address of CREST is Euroclear UK & Ireland, 33 Cannon Street, London EC4M 5SB.

The Bonds may be accepted for clearance through Euroclear and Clearstream, Luxembourg. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

The appropriate common code and the International Securities Identification Number in relation to the Bonds of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Bonds for clearance together with any further appropriate information.

### ***Bonds having a maturity of less than one year***

Any Bonds having a maturity of less than one year must (a) have a minimum redemption value of £1,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their business or (b) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the Issuer. Bonds with a maturity of less than 12 months will not constitute money market instruments for the purposes of Article 2(1)(a) of Directive 2003/71/EC.

### ***Issue Price and Yield***

Bonds may be issued at any price. The issue price of each Tranche of Bonds to be issued under the Programme will be determined by the Issuer at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Bonds will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Bonds, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Bonds set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

### ***Listing Agents***

Walkers Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Bonds and is not itself seeking admission of the Bonds to the Official List of the Vienna MTF and to trading on the Vienna MTF.

***Dealers transacting with the Issuer***

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

***Trustee's action***

The Conditions and the Trust Deed provide for the Trustee to take action on behalf of the Bondholders in certain circumstances, but only if the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction. It may not always be possible for the Trustee to take certain actions, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it. Where the Trustee is unable to take any action, the Bondholders are permitted by the Conditions and the Trust Deed to take the relevant action directly.

***Post-issuance reporting***

The Issuer does not intend to provide post-issuance transaction information regarding any issues of Bonds or regarding the Issuer Security.

## **DIRECTORY**

### **REGISTERED OFFICE OF THE ISSUER**

Propiteer Capital Plc  
Oliver Barns  
Maldon Road  
Witham  
Essex  
CM8 3HY

### **COLLATERAL MANAGER**

Propiteer Collateral Manager Limited  
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Great Totham  
Maldon  
CM9 8NX

### **CUSTODIAN**

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3rd Floor, 100 New Bond Street  
London  
W1S 1SP

### **TRUSTEE**

City Partnership Trustee Limited  
Suite 2 Park Valley House  
C/O The City Partnership (UK) Ltd  
Park Valley Mills  
Meltham Road  
Huddersfield  
United Kingdom, HD4 7BH

### **ISSUING AND PRINCIPAL PAYING AGENT**

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Maldon Road  
Witham  
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CM8 3HY

### **REGISTRAR**

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London EC1M 4BH

### **LEGAL ADVISERS AS TO ENGLISH LAW TO THE ISSUER**

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EC2M 5PS

### **AUDITORS**

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London,  
W1U 7EU

### **LISTING AGENT**

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5<sup>th</sup> Floor, The Exchange George's Dock,  
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**[info@propiteercapitalplc.com](mailto:info@propiteercapitalplc.com)**

Send us an email. One of our team will get back to you within  
24 hours Monday - Friday

**[www.propiteercapitalplc.com](http://www.propiteercapitalplc.com)**

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find our Prospectus